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NEW PANAMA CANAL TREATY

HEARING

BEFORE THE

COMMITTEE ON MERCHANT MARINE AND FISHERIES HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

THE AGREEMENT IN PRINCIPLE WITH RESPECT TO THE PROPOSED PANAMA CANAL TREATIES OF 1977

AUGUST 17, 1977

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NEW PANAMA CANAL TREATY

WEDNESDAY, AUGUST 17, 1977

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in Room 1301, Longworth House Office Building, Honorable John M. Murphy (chairman), presiding.

Present: Representatives Murphy, Hubbard, Oberstar, Hughes, Mikulski, McCloskey, Snyder, Bauman, Dornan, and Trible.

The CHAIRMAN. The committee will come to order. On August 10, United States and Panamanian negotiators announced that they had reached "agreement in principle" on a new Panama Canal Treaty agreement. Since that date, there has been a publicity campaign to attempt to obtain the support of the people of the two countries for the agreement, although there has been no revelation of its entire substance.

Administration officials have been quoted as saying, "we have the facts" to sell a new Panama Canal Treaty arrangement. This Committee on Merchant Marine and Fisheries, which has been exercising legislative and oversight responsibilities for the operation of the Panama Canal and the Government of the Canal Zone for the last 42 years, is puzzled over this statement. We have our own body of facts with respect to the Canal and Canal Zone, and, frankly, many of these facts do not support the thrust of the agreement in principle as we have come to understand it.

In attempting to mobilize key figures and the public in support of a treaty arrangement which presumably is not yet written, officials of the executive branch are acting against the overwhelming opinion of the people of this country that our sovereign authority on the Isthmus of Panama should be maintained, and that the Panama Canal should not be transferred to the dictatorial regime of General Omar Torrijos.

In the past three months, as chairman of this committee, I have received over 10,000 communications in opposition to the relinquishment of the Canal. I received only a handful, and I mean literally a handful, of correspondence in favor of the new treaty. While some "anti-treaty" correspondence may be passed off as an organized letter-writing campaign, the depth of feeling of the American people on this issue cannot be dismissed. I would quote

from letters which I feel are indicative of U.S. opinion on this issue.

A practicing physician, 78 years old, from Honolulu, Hawaii, states, "This is the first time I have ever written to any member of our Congress. However, I think I would be remiss if I did not express my opinion as an American regarding the giving away of such an important part of our country as the Panama Canal. Why not give away the Hawaiian Islands, Alaska, or any other part of the United States?"

In another letter, a retired Vice Admiral of the U.S. Navy says, "Early on, I was the U.S. Attache in Venezuela, making frequent trips to Colombia and Panama, and making me well aware of Latin American history, temperaments and attitudes. In my last three years of active duty, I served as Commandant of the National War College in Washington, a tour which reinforced my long-held view that retention of U.S. sovereignty in the Panama Canal Zone is essential to our national security."

Finally, let me quote from a letter from a consulting petroleum geologist who was also an intelligence staff officer in the U.S. Air Force Reserve for over 33 years, including five years as a senior intelligence analyst with DIA in Washington: "The Panama Canal is of vital strategic importance to the United States, and the free and unimpaired flow of traffic through this waterway must be maintained by the United States. It is extremely important that the Canal Zone be kept out of the hands of the dictator, Omar Torrijos. Your committee should well know of Castro's influence and the winds of politics in Central America.

"Very soon now the Alaskan oil fields will come onstream. As there are no facilities on the West Coast capable of handling this crude, it is only logical it will be transported by tanker to either the Gulf Coast or the Eastern Seaboard through the Canal."

Many of our former military leaders are fearful of losing the only water passage between the Atlantic and Pacific Oceans. Four of the most outstanding names in recent American Naval history—Arleigh Burke, Thomas Moorer, George Anderson, and Robert Carney, all former Chiefs of Naval Operations—have concluded that the Panama Canal should remain under American sovereign control, as provided in the existing treaty.

In a recent letter to President Carter they said:

Dear Mr. President: As former Chiefs of Naval Operations, fleet commanders and Naval Advisers to previous Presidents, we believe we have an obligation to you and the nation to offer our combined judgment on the strategic value of the Panama Canal to the United States.

Contrary to what we read about the declining strategic and economic value of the Canal, the truth is that this inter-oceanic waterway is as important, if not more so, to the United States than ever. The Panama Canal enables the United States to transfer its naval forces and commercial units from ocean to ocean as the need arises. This capability is increasingly important now in view of the reduced size of the U.S. Atlantic and Pacific fleets . . .

The Panama Canal represents a vital portion of our U.S. naval and maritime assets, all of which are absolutely essential for free world security. It is our considered individual and combined judgment that you should instruct our negotiators to retain full sovereign control for the United States over both the Panama Canal and its protective frame, the U.S. Canal Zone, as provided in the existing treaty.

Very respectfully, Robert B. Carney, Arleigh A. Burke, George Anderson, Thomas H. Moorer.

The CHAIRMAN. Copies of these letters are available in this room.

I quote these letters to demonstrate that there are many citizens of this country, including many experienced in Latin American affairs, who have come to a conclusion far different from that of the executive branch. It is intellectual arrogance for these executive branch officials to assume that only they are informed and that the rest of the country is ignorant or incompetent.

White House officials have indicated that "we have the facts." This committee will be interested in knowing those facts which will counter the record that we have which indicates that the Torrijos regime has consistently violated its present treaty arrangements with the U.S., giving every indication that the surrender of our most basic authority on the Isthmus will further whet the power appetite of this dictatorship in Panama. A list of the violations in the last two years by the Torrijos regime of its existing treaty arrangements with the U.S. has been made available on the press table.

The executive branch may have the facts, but one to which they failed to give proper emphasis is the manner in which Panama has continuously increased its demands in negotiations over the years. Testimony given to the Panama Canal Subcommittee recently indicates that Panama has escalated its demands year by year in the negotiations, and our negotiators appear to have caved in to these demands in a milquetoast fashion. The setting in which these talks have taken place will only serve to increase demands from Latin America and the Third World in the years to come—demands which can only be fulfilled at the expense of the U.S. national security.

While the executive branch may have the facts, officials have been deliberately ignoring the vital role which the House of Representatives will play in the effectuation of any new treaty arrangement. More specifically, as far as this committee is concerned, Article IV, Section 3, Clause 2, of the Constitution, which reserves to the Congress "the power to dispose of Federal property and territory and to make all needful rules and regulations for . . . that property," must be heeded. The Committee on Merchant Marine and Fisheries is empowered by the Rules of the House with responsibility for the Canal Zone, and, therefore, the disposal of territory in that Zone falls within the jurisdictional prerogative of this committee.

The committee can only hope that in its negotiations with the Panamanians that the executive branch has not been guilty of such a gross oversight and jurisdictional miscalculation as has been made by the apparent assumption that a binding legal pact could be made for the disposal of U.S. property without the consent of the U.S. House of Representatives.

The fact is that the U.S. is a bona fide property holder in the Canal Zone, that we have title to the Panaman Canal, and a vested property interest in the Zone. The 1903 Treaty with Panama made the U.S. a property holder; the Joint Land Commission, authorized by that treaty, purchased land from private citizens in the Zone area; the 1914 Treaty with Colombia confirmed the unfettered title of the U.S. to the Canal and the Panama Railroad; and the U.S. has

expended money in connection with Canal property purchases of $166,362,173 as of 1974.

Without addressing all of the specific foundations of U.S. property interests with respect to the Panama Canal and Canal Zone, it is clear that the U.S. is the owner of assets of the Panama Canal Company and the Canal Zone Government, and that we have ownership of the waterway, appurtenant installations, buildings, and other structures in the Zone. Further, the assets of the Panama Canal organization and military departments and agencies of the U.S. Government in the Zone are assets which are property subject to Article IV, Section 3, Clause 2, of the Constitution.

As I said, the Constitution gives the Congress, including the House of Representatives, "the power to dispose of and make all needful Rules and Regulations respecting the territory or other property of the United States."

Thomas Jefferson interpreted this provision of the Constitution by stating that while the President and Senate can make treaties, wherever they include matters confided by the Constitution to the legislature, an act of legislation will be required to confirm the treaty, and that the House is "perfectly free to pass the act or refuse it, governing themselves by their own judgment whether it is for the good of their constituents to let the treaty go into effect or not."

There is considerable and impressive case law which substantiates the Jeffersonian interpretation that a treaty requires statutory implementation if it deals with subject matter exclusively reserved to the House of Representatives.

Moreover, prior practice with respect to the Panama Canal and Canal Zone demonstrates what should continue to be the rule. Property of the U.S. associated with the Panama Canal enterprise has been disposed of in the past only in accordance with Congressional authorization.

On the other hand, it is significant to note here that in hearings conducted by the Panama Canal Subcommittee in 1972, the State Department's leading case law precedent supporting a Canal giveaway was Jones versus Meehan, which granted title to a 10-foot-wide strip of land to Chief Moose Dung and Chief Red Bear of the Chippewa Indians after they had ceded to the U.S. the entire Red River Valley. Just last week, the State Department admitted that such a legal basis was "obscure." I agree. And their other case was U.S. versus 43 Gallons of Whiskey. After they testified in 1972, the State Department called the subcommittee to say that their conclusion on that case was "misleading in their statement," and they wished to change the record. So much for the State Department's legal position.

This committee is, of course, interested in more than the authorization and disposal of property. The Committee on Merchant Marine and Fisheries also has legislative authority over the structure and authority of the Canal as an operating entity; lands and waters for Canal use; options for Canal construction and/or expansion and a sea-level canal; annuities to Panama in connection with the Canal; and neutrality and international guarantees for the Canal. We also have an interest in employee conditions, rights and com-

pensation, and defense arrangements. Thus, the committee requires the facts in these areas because we are concerned that:

——The economic compensation package being offered to Panama will force increased tolls and other charges to the extent that the Canal will cease to be an economically viable thoroughfare.

——The new Canal agreement is being advanced on the basis of violent threats, a tactic which will itself beget violence at the Canal, and bring more demands on the U.S.

——The fate of the present Canal Zone employees is being cast to the wind and the very people who keep the Canal open, efficient, neutral and secure are expendable commodities in this rush to appeasement.

Based on what we have seen thus far, we fear that the type of control which the U.S. is to exercise until the year 2000, and which the executive branch is praising, is the most impaired kind of control. And I suggest it is really a misrepresentation if anyone argues that it is the kind of control we have now.

By relinquishing sovereign rights and jurisdiction over the lands and waters we need to operate the Canal, we are allowing the Canal to become subject to the pressure and harassment of a Panamanian dictatorship.

The U.S. will be the primary operator of the Canal to the year 2000, but the U.S. will only be one of the guarantors of the neutrality of the waterway. We will not control relations with all Canal employees, but rather we will divide the nationalities and automatically create two camps divided against one another. We will not control most of the very installations that the Governor of the Canal Zone, in his testimony before this committee, has called vital to its operation—things such as anchorages, breakwaters, channels and harbors, locks, dams, navigational aids, power stations, tugs and, probably most importantly, dredges. We will have a built-in system to continuously raise tolls, which undoubtedly will be the undoing of the waterway. Our use of land and water will probably be so restricted as to allow little resistance to any attempt at the takeover of the Canal by Panama. In short, the Canal will be hostage to the military dictatorship in Panama, not in the year 2000, but immediately and, based on their past record, it is a situation not to be desired.

We hope to hear today the facts which will alleviate these concerns.

Many of us on the committee have equally compelling concerns about the agreement for permanent neutrality of the Canal. The fact sheet provided to the committee on Monday by the Department of State indicates that "our continuing freedom of action to maintain the Canal's neutrality will not be limited by the Treaty." This implies that the language of the new neutrality agreement does not specifically permit the U.S. the right to intervene in the event of the endangerment of the Canal, a right which we unquestionably have at the present time. The executive branch has been "selling" the agreement on the basis of a Panamanian concession on the U.S. right to intervene. I seriously doubt, based on what is known to the committee, that any such right of intervention exists in the new treaty. This area appears to be the very reason why former Secre-

tary of State Kissinger refused to endorse the treaty on Monday of this week. But I understand now he has made an endorsement.

The Canal issue is not a minor one. It involves the question of the transfer of assets amounting to billions of dollars. The "fair market value" of the Canal today is about $2-4 billion. The value of U.S. defense assets in the Canal Zone ranges somewhere between $3 and $6 billion. In the next 23 years, the total amount of compensation to Panama under the new treaty comes to $1-1/2 billion. And the value of loans and guarantees to Panama may be something less than a half-billion dollars. So we are considering an agreement in the range of from $7-12 billion, and that may be a conservative estimate. It is important to consider that the U.S. will receive no tangible assets in return for those to go to Panama under the terms of the treaty, as we understand them.

In the hysteria of attempting to justify this unknown and questionable treaty, it has been suggested that U.S.-flag carriers do not use the Canal. Nothing could be further from the truth. Many of our U.S. carriers use the Canal in varying degrees, and two of our largest container operators use the Canal to a considerable degree. For example, one large container operator had 98 transits in 1976, amounting to $1,575,072 in tolls, and another carrier had 91 transits. So far in 1977, this same operator had 50 transits, amounting to $956,922 in Canal tolls. By any standards, this is significant usage and points up very succinctly the fact that the proponents of this Canal treaty will go to any lengths to distort the truth. In prepared documents I saw showing Canal passages by American-flag carriers in the year 1946, when there was an overwhelming number transiting the Canal, and went to the year 1975, they didn't have flag carriers on the chart. The misleading fact is that 70 percent of the commerce in the Panama Canal either begins in, or winds up in, an American port. Seventy percent of the toll increase will be paid by the American consumer, and the fact that a policy in the U.S. has permitted the U.S.-flag Merchant Marine to virtually disappear from the seas still doesn't mitigate against the fact that the commerce, itself, is 70 percent American commerce, and, therefore, the American consumer will pick up 70 percent of the tab.

To anyone who might doubt this Member's intentions, I shall state that not a centimeter of the Canal Zone, not one piece of U.S. property, not the fate of a single Zone employee, or another nickel beyond that which has already been appropriated, will be turned over to the Republic of Panama's dictator withgout the prior approval of the House of Representatives, as provided by the Constitution.

It is unfortunate that the present negotiations reached a climax just as the Congress had adjourned for the Members' work period in their districts. For this reason, not all of the committee members could be here today. This should in no way be interpreted as a lack of interest. Absent members have expressed regret and their intention to carefully read the transcript of this hearing.

At this point, I yield to the ranking Majority Member, who is present, Mr. Hubbard.

Mr. HUBBARD. Thank you very much, Mr. Chairman. Fellow members of the committee. I am grateful for this 11th-hour opportu-

nity to discuss with Ambassadors Bunker and Linowitz, for both of whom I have much admiration, and the State Department officials here this morning, the importance of the treaty they have negotiated earlier this month with the Government of Panama.

First, let me say that while I consider it a great courtesy and indeed an honor to have Ambassador Bunker and Mr. Linowitz with us, I also consider it a matter of grave necessity that we debate this issue today. A treaty has been struck without the authorization of the Congress and without the support of the great majority of the American people. There is no question that the overwhelming majority of persons I am privileged to represent in Western Kentucky are vehemently opposed to the transfer of U.S. sovereignty in the Canal Zone. Indeed, if I may add this thought: One of the major reasons I chose to be on this Merchant Marine and Fisheries Committee was to ensure that I could seek membership on the Panama Canal Subcommittee, of which subcommittee I am a member.

Secondly, I want to mention that I am convinced that the new treaty must be ratified by both the House of Representatives and the Senate. I refer to Article IV of the U.S. Constitution, Section 3, Clause 2, which reads, "The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States and nothing in this Constitution shall be so construed as to prejudice any claims of the United States or of any particular State."

The property clause in Article IV, like most of the clauses granting legislative powers contained in Article I, provides that "Congress shall have the power" without any qualification indicating exclusiveness against the treaty power. Jurisdiction over the cession of the U.S. territory clearly rests with the Congress as a whole, not with the Senate alone. The House of Representatives must rise to its responsibilities if our Constitution and the interests of our citizens are to be respected, and I strongly predict that the majority sentiment on this committee is the same as mine. In my view, the sovereign rights of the U.S. in the Canal Zone in perpetuity are the reasons for the Canal's existence and the key to its continued successful operation.

I am alarmed by the eagerness this administration has shown to eradicate these essential rights immediately and phase out the critical U.S. role in the operation and defense of the Canal by 1999. Our nation has learned several bitter lessons from our involvement in the Vietnam conflict. There are those who seem only too willing to forget the necessity of the Panama Canal to the defense of the free world. Seventy percent of the cargo destined for the combat zone in Vietnam moved through the Canal. The Canal Zone is an invaluable logistical base for operations in Latin America, the Caribbean and the South Pacific. It offers the only major ship repair facilities within 1,600 miles on the Atlantic side and 2,500 miles on the Pacific side. It is a military communications and transportation crossroads for the hemisphere.

It cannot be denied that the Canal has been efficiently and responsibly managed under U.S. control. Since 1914, no ships have sunk in the Canal proper, and accidents have been rare. Tolls have

been kept low and have been raised only twice during the Canal's history. Increased tolls and deteriorating service would have a serious impact upon consumer prices in this nation.

Even worse would be the impact upon Latin American nations, such as Nicaragua, which ships more than three-quarters of its trade through the Canal. The Canal's potential as a means of international economic and political blackmail is infinite.

My committee colleagues and I have been told a great deal about the vulnerability of the Canal Zone to riots and disruption. We have been cautioned that if the new treaty is not ratified, outbreaks are inevitable. I have only two questions in this regard. Would it not be easier for the U.S. to deal with such disruptions if U.S. defense forces were in the Canal Zone, in there by right, and in there for good? Second, is it not a dangerous precedent for the U.S. to negotiate with other nations on the premise that violence and terrorism are unavoidable unless we concede at every point? I dread to think what our response might be if restless Mexican students were to demand that the U.S. cede the land between San Antonio and the Rio Grande purchased from Mexico.

Let us not delude ourselves about the magnitude of the transfer we are considering. The price of international economic and defense stability is inestimable; but, the price of the assets alone which are to be transferred has been set at somewhere between $10 and $15 billion.

It is my understanding that under the terms of a separate treaty to be signed later by the nations of the Western Hemisphere, the U.S. will guarantee the neutrality of the Canal and its free access to all the world's shipping even after the year 2000. If the safety of the Canal is threatened, the U.S. is not restricted from military intervention. It is unclear to me whether the U.S. will have an affirmative right to intervene, or whether it is merely not restricted from intervening. In the former case, the weight of international law would be with us. In the latter, U.S. intervention could be subject to world repudiation.

I am certain that Ambassadors Bunker and Linowitz faced an arduous task in striking an agreement with General Torrijos which recognizes the conflicting interests of the U.S. and Panama. The task before us today is quite different. The interest of all of us here is the interest of the American people. Let us reason with each other to ensure that the defense and economic interests of the U.S., and indeed of the entire free world, have not been sacrificed at the bargaining table in Panama City.

The CHAIRMAN. Mr. McCloskey.

Mr. MCCLOSKEY. Thank you, Mr. Chairman. My only question, Mr. Chairman, goes to the propriety of the House inquiring into the matter at this particular point in time. Clearly the administration feels that it is to the best interests of the U.S. and our national security to conduct these negotiations through to a conclusion and in the President's notice to us he has indicated that he has approved an agreement in principle but that the formal drafting continues. I take it that in this drafting process the negotiations continue, and I question whether the House of Representatives should enter into deliberations on the conduct of the administration

in conducting these negotiations for fear that they may prejudice the ability to bring these negotiations to a successful conclusion.

I am familiar with the provisions of Article IV of the Constitution, but it seems to me that this poses a fundamental question as to whether our system of government can endure over the next decade when the administration clearly, the Chief Executive clearly, has the power and the responsibility to conduct negotiations in foreign affairs, in the Senate clearly is reposed the power to ratify and consent to this treaty by the two-thirds vote. Despite any powers we have under Article IV, I don't know that the House would question that a treaty executed by the President, ratified and consented to by the Senate, would not become the law of the land, fundamental law, as is our Constitution. We would then have the discretion, as I understand it, to pass or refuse to pass such implementing legislation as we might, but we could not interfere with the sanctity of the treaty.

What I am concerned with is the fact that in recent years we have seen an abdication of the powers of Congress to the executive branch, an unwise abdication certainly in the case of Vietnam, where we in effect abdicated our war power by the Gulf of Tonkin resolution, which we subsequently repealed in 1971, but I wonder if today perhaps we are not intruding on the basic security of the country by too much power, entering into too many matters of foreign affairs. The veto power, for example, over arms sales, the denial of most-favored-nation status to the Soviets because of Congressional concern with Soviet emigration policy, the Harkin Amendment, where in our zeal to establish human rights we required that we cut off foreign aid to countries which, in the executive's opinion, could not be certified as granting human rights. And I think there is a danger that, as Congress has reacted to the abuses of executive power, we could abuse our own power by going too far to question the conduct of negotiation while those negotiations are still going on.

We have seen the Senate in the past deny a treaty approval in the case of the League of Nations, for example. It seems to me that this is properly a matter for the executive branch to conduct and the Senate to examine, and while the House has clear power over the disposal of property, that we should defer that consideration until at least the formal treaty is negotiated and referred to the Senate for ratification.

I would like to say to the distinguished Ambassadors here, I am hopeful that if at any time in the questions by this committee today subjects should be brought up which in your judgment frank and candid discussion might prejudice the conduct and the continuing conduct of these negotiations, that you would call it to our attention, with the hope that we go into executive session so that those negotiations not be prejudiced in any way. I am sure that the Chairman will honor that request.

Thank you, Mr. Chairman.

The CHAIRMAN. In response to the gentleman's opening statement, I might say we already have assured the executive negotiators that where areas of national security interest are involved, we certainly will go into executive session, but I might also state to the

gentleman that historical precedent, particularly the second Hay-Pauncefote Treaty, was necessary because the Congress required amendments to prior treaties enacted by the executive branch. While the purpose of this oversight hearing is not specifically related to certain items that are under negotiation but clearly transcends the negotiation, it goes to the constitutional question, and that, of course, is the power and the right of the House of Representatives and its constitutional prerogative on a property transfer matter and treaty such as this.

I yield to the gentleman from Minnesota, Mr. Oberstar.

Mr. OBERSTAR. I thank the Chairman for yielding. The Chairman of the Subcommittee on the Panama Canal of this full committee, the Honorable Ralph Metcalfe, of Illinois, is necessarily absent from this hearing due to surgery, and has asked me to read his statement on his behalf, and, with the Chair's indulgence, I will do that.

Mr. Chairman, you have called these hearings to discuss the role of the House of Representatives in establishing a new relationship with the Republic of Panama concerning the future status of the Panama Canal Zone and the Panama Canal.

I commend you for holding these hearings. During the 92nd Congress, you, as Chairman of the Panama Canal Subcommittee, held extensive hearings on the role of the House under Article IV, Section 3, Clause 2, of the Constitution of the United States, and the effect of this section of the Constitution on any proposed transfer of lands and waters from the U.S. to the Republic of Panama. The hearing record established that the House of Representatives must have a role concurrent with the Senate under Article IV, Section 3, Clause 2, of the Constitution. The hearings you have called today, Mr. Chairman, are being held in order to uphold the prerogatives of the House in the proposed property transfer.

At this time, I also want to commend this administration, and particularly Ambassadors Ellsworth Bunker and Sol Linowitz, for their roles in negotiating a new treaty with the Republic of Panama.

We have seen only the outlines of the proposed treaty, and, of course, I cannot, nor will I, comment on a document which I have not seen. However, this administration has recognized the new realities in Latin America and has responded accordingly. The administration's perception of these new realities has been identical to that of the three preceding administrations, all of whom carried on negotiations with the Republic of Panama concerning the future status of the Panama Canal Zone and the Panama Canal. For this, the present Administration is to be commended.

The administration should not sully such a worthy objective by ignoring the constitutional prerogative of the House. I have apprised the negotiators of my concern that the role of the House under Article IV, Section 3, Clause 2, be recognized in drafting a new treaty, and, as recently as last week, I communicated the same message in a telegram to the President.

I regret that I, as chairman of the Panama Canal Subcommittee, cannot attend these hearings today. I am following my doctor's orders to remain at home after oral surgery. However, I will certainly read the hearing record with very close scrutiny, and I

also wish to assure you, Mr. Chairman, that I fully support you in your endeavors to uphold the constitutional prerogative of the House under Article IV, Section 3, Clause 2, of the Constitution.

That is the statement made on behalf of Ralph Metcalfe, and, if I may make one comment on my own behalf, Mr. Chairman, I would like to congratulate the administration on what I feel is a brilliant piece of diplomacy and particularly I would like to congratulate Ambassadors Linowitz and Bunker on an achievement that I think will stand the U.S. in good stead with our American neighbors to the south.

I think that, through this treaty, we will have demonstrated to the nations of Central and South America that they can have confidence that the U.S. will deal with them on a true basis of real equality among sovereign nations. I congratulate you on a splendid job.

The CHAIRMAN. Mr. Snyder.

Mr. SNYDER. Thank you, Mr. Chairman.

As you well know, I share your sentiments about this disastrous policy by which the executive branch is determined to divest the American people of their territory, investment and achievement in the Canal Zone and the Panama Canal. With no authorization whatever from them or their representatives in Congress, the President and State Department have usurped the power of Congress in regard to the disposition of territory and property of the U.S.

I welcome the opportunity to question the State Department witnesses.

I doubt the State Department is equally pleased. It will not put on the record—for the Congress and the American people—the complete details of the so-called treaty announced August 10th with great fanfare, even though nobody's signature appeared anywhere in its connection.

The very date of that announcement highlights an extraordinary aspect of this whole treaty business. It was made on the very last day of Mr. Sol Linowitz' questionable, temporary 6-month appointment as Ambassador and co-negotiator. I am glad he made it back from Vail in time to be here.

That White House move—the appointment—avoided the normal Senate investigation and hearing procedure for approval of such a nomination. I believe Mr. Linowitz is a qualified individual for such a position.

However, it is regrettable that the normal Senate confirmation process was not followed, because subsequent discovery of his being a director of the Marine Midland Bank, which had lent some $4 million to Panama, caused no little speculation in Congress and forced Mr. Linowitz to resign that directorship.

Panama's total debt of $2 billion fuels continuing speculation.

Forty percent of Panama's budget goes to debt service. Some portion of that goes to American interests or banks. Our $2.3 million annuity goes directly to the First National City Bank in New York. How much of the debt service goes to American banking institutions? What have been the measures that brought that about?

President Carter, as I recall, announced at the very outset of his administration his desire to attain a new treaty by April. Later—by June. At one point, the Panamanians protested the haste, even though they sat back and held out in their demands, knowing the President had put the U.S. at a disadvantage in the negotiations by expressing his own deadlines.

That was very poor strategy, to say the least, on the part of the President.

I can't help but question the haste.

This committee has received testimony that shows previous Presidents did not put themselves in such a corner or box themselves in by any self-imposed time restriction.

Why the rush?

Why the hoopla and fanfare about this treaty—a treaty which is not a treaty—a treaty that has not even been completed, no less initialed or signed?

Why on the last day of Linowitz' unconfirmed appointment?

Without an actual treaty at hand, I know many in Congress and the press corps have concluded it simply is all flim-flam.

For whose benefit?

The apparent reason seems to be that all these trappings of a fait accompli—in the absence of a true fait accompli—evidently are intended to make it more difficult for the Senate to reject the treaty, if and when one is actually completed, signed, and submitted to that body.

I think that few, if any, U.S. Senators, regardless of party affiliation, will not see through such tactics.

The Panamanian people should never have been misled by the White House and State Department into thinking that they will be given—or already have been given—the Canal Zone and its installations and the waterway.

Our people, too, have been fed distortions.

First, the executive branch has sought to convince Congress and the taxpayers that the Canal Zone is not U.S. territory. This contradicts both the U.S. Supreme Court and what the executive branch, itself, held for many decades since the 1903 treaty with Panama.

Second, the State Department has sought to convince us the Canal is vulnerable and can't be defended. Since 1906, when the Senate Committee on Interoceanic Canals took testimony showing the vulnerability of the proposed canal, it has been known that its defense mostly was a matter of the will of the U.S. to defend it.

On July 26, Brigadier General I. P. Graham, speaking for the Department of Defense, told this committee's Subcommittee on the Panama Canal, and I quote: "The Panama Canal Zone and the Panama Canal can be defended in a hostile environment."

Then General Graham went on to say: "however, it could not be possible to guarantee that the Canal could be kept continuously operational."

Both parts of the General's sentence could be equally applied to the Sault St. Marie Canal, or to New York City, or Louisville, or to the Brooklyn Navy Yard, or to Edwards Air Force Base, or to Pittsburgh's steel mills, or to California's aircraft factories.

Defense is a matter of firepower—and willpower.

The General concluded his testimony with these words: " . . . the canal's strategic value is not expected to change substantially so long as it provides the sole means of transiting ships across the American continent. In conclusion, the Panama Canal is and will remain an important asset, the use of which is important to achievement of U.S. military objectives."

Thirdly, the executive branch has sought to convince us the Panama Canal economically is a losing proposition.

This committee's Subcommittee on the Panama Canal took testimony last year demonstrating that the vast bulk, if not all, of the Canal's recent deficits was caused by the Canal Company's new policy of taking depreciation on paper on titles, treaty rights and excavations. That bookkeeping action was initiated by the company in 1974 contrary to the position and guidance of this committee. Unfortunately, last year the Senate took no action on a bill originating in this committee and passed by the House to terminate such depreciation.

Hence, the Canal truly is not a losing proposition. This year, the Governor has already told this committee it will again be in the black, even with the above-mentioned depreciation being taken. Tonnage through the Canal has continuously increased except for one year, 1976. Both transits and tonnage again are on the rise in 1977.

Fourth, the executive branch has sought to convince us that surrendering the Canal Zone and the Panama Canal is of the utmost importance to improving our relations with Latin America, telling us those Latin countries unanimously support Panama's demands.

The executive branch, however, has been mute on the fact that on several occasions, meetings of the Organization of American States have been characterized by resolutions opposing increases in canal tolls. At the most recent meeting of the OAS last June in Grenada, a resolution was unanimously endorsed by vote of 19-0, that: "Reaffirms the principle that Panama Canal tolls should only reflect the operational cost of the waterway."

It is well known, but not proclaimed by the White House and State Department, that trade and maritime ministers of those Latin countries oppose Panama's getting control of the Canal and raising the tolls by some 300 to 500 percent, as it promises to do to gain a profit, since their trade and economies would be adversely affected immediately.

Our giving the Canal to Panama for her dictator, Omar Torrijos, to milk at the expense of his Latin American neighbors, not only will not endear us to them, but will engender growing dissatisfaction and loss of respect for us throughout Central and South America.

We have it on the authority of two former Assistant Secretaries of State for Inter-American Affairs, that nothing will satisfy Panama's politicians. I believe they will forever come up with new demands, even if we gave them every sqauare inch of the Canal Zone and everything in it.

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Ambassador John M. Cabot, Assistant Secretary, 1953-54, wrote a letter to the Washington post May 15, 1976, in which he said:

I have not heard much from the pro-new-treaty advocates about the many concessions the Panamanians have won from us by throwing tantrums, or how, when we sought the implementation of the barely ratified 1936 treaty provisions to secure sites outside the Zone for its defense, they blackmailed us before granting them; or how, after the war, they simply rejected a new treaty granting us their continued use despite the 1936 treaty, or how every concession on our part only led to accelerating demands on theirs . . . Previous history does not reassure me.

Mr. SNYDER. Ambassador Thomas C. Mann, Assistant Secretary, 1960-61 and 1964, and Under Secretary of State for Economic Affairs, 1965-66, wrote Phillip Harman, Director, Canal Zone Non-Profit Public Information Corporation, on March 9, 1977:

In response to your inquiry, it would, in my opinion, be folly to relinquish our treaty right to maintain, operate and protect the canal prior to the time another trans-isthmian canal is available to us.

Abrogation of the rights of the United States under treaty has long been the dominant issue in Panamanian politics. Politicians therefore seek to outdo their opponents in obtaining concessions from the United States; for many it has been the issue used to advance their individual political fortunes. As a result, historically Panama makes a set of demands of the United States. These are negotiated and, ultimately, an amendment to the original treaty is made. Before the ink has had time to dry on the amendment, a new set of demands is made with the same result.

Mr. SNYDER. Fifthly, the executive branch has sought to convince us the Canal is obsolete because large oil tankers and aircraft carriers cannot transit it.

The facts are that only our 13 largest carriers exceed the Canal's capacity, and that none of the supertankers were designed for trade routes that utilize the Canal. Ninety-eight percent of our naval vessels, including nuclear submarines, can transit the canal, 96 percent of our U.S. merchant fleet can, and so can 93 percent of the world's shipping. The fact those subs must surface for transit is of no more significance than the fact they must surface for repairs. The St. Louis Post-Dispatch, on March 28, 1976, quoted "a high Pentagon official" as saying that the U.S. no longer had a two-ocean Navy, and that "The Panama Canal is absolutely essential if we want to mount a force by sea lift for amphibious action. We would have to assemble the amphibious craft from both coasts."

Despite the supposed obsolescence of the present waterway, the executive branch, in giving it away, has not seriously proposed a sea-level or any other canal in Panama or elsewhere to take its place. Ambassador Thomas Mann's advice makes sense. Keep this one at least until another one is built.

Sixthly, the executive branch has sought to convince us that we must turn the Canal Zone and waterway over to Panama to keep it "open, efficient, neutral and secure," by avoiding confrontation, sabotage and guerrilla warfare with Panama.

The executive branch is silent over the fact that once Panama gets total control, any opposing Panamanian political faction or terrorist group could hold the Canal hostage against the government in the same way Torrijos has held it hostage with threats against us.

As the Chairman has pointed out, the White House claims it "has the facts" in condemning Congress for the attitude of many Senators and Representatives on the Canal issue.

I say, give us the facts. We'll help get them to the American people.

I have found it both sinister and amusing that for several years the State Department has consistently claimed it was concerned over the lack of information on the part of the public concerning the new treaty proposals, and yet just as consistently, that agency kept the facts as hidden as possible from the public.

I find the reason not difficult to comprehend. I have always felt that the more the people learned about this giveaway, the more they would oppose it.

The newest Opinion Research Poll proves I was correct.

As public awareness of the treaty negotiations increased from 18 percent in 1975 to 30 percent in 1976, to 37 percent in 1977, the percentage of those polled who want to continue control of the Canal, increased respectively from 66 percent to 75 percent, to 78 percent.

Mr. Chairman, I cannot disagree more with my colleague from California who sits on my right, about the executive session. If this treaty is so darn good for the American people, as they have been proclaiming across this country, I say, let the American people have the facts. If the witnesses don't want to answer the questions in public, Mr. Chairman, it is because they have something to hide from the American people. That is clear to me and to the American people.

I think my colleague has been playing up in Amy's tree house for too long.

The CHAIRMAN. Mr. Hughes.

Mr. HUGHES. Thank you, Mr. Chairman. I want to congratulate you, Mr. Chairman, for moving expeditiously in considering the proposed treaty on the Panama Canal. The issues raised by the agreement in principle reached by the executive branch of our government and the Republic of Panama do raise serious concerns. My constituents, in a poll I did recently, are most reluctant to relinquish control of the Panama Canal. I share their concern over the continued neutrality of the canal; but I must say there are a lot of issues that are raised that also give me concern over our foreign policy in South America. I look forward to the details of the agreement in principle and will attempt to approach the issues with an open mind.

Mr. Chairman, I am like most people who don't like to part with anything of value, particularly under pressure. But I think it is important that we approach it as much as possible unemotionally and openly. I would hope that the administration will quickly address the question of just what Article IV, Section 3, Clause 2, of the Constitution means. Does the U.S. House of Representatives indeed have a role to play in the disposition of the Panama Canal? I frankly think so. I read the Constitution that way, and I would hope that the administration will agree.

Thank you.

The CHAIRMAN. Mr. Bauman.

Mr. BAUMAN. Mr. Chairman, I want to add my general endorsement to the statement the Chair made and take issue with the ranking Republican with us today, Mr. McCloskey, from California.

I think this is a perfectly appropriate forum for the discussion of these issues, particularly in view of the Administration's propaganda campaign conducted during the last ten days. It would make Joseph Goebbels blush in his heyday to see how this has been orchestrated. I have seen more on television of our two distinguished Ambassadors last week than I have Cronkite and Walters. I think it is appropriate that we have a chance today to say a few things to them, as we are now, and to get some answers from them. I don't think anything they will hear this morning will upset them too much after all these months of sitting across the table from some very hard-nosed negotiators on the other side. We want you to understand it is all done in good spirit, but we are also very serious about what we say. We expect you to do what we tell you here in this hearing in the future writing of the treaty, and I am sure you will follow our instructions.

I would like to hear in your comments today, gentlemen—the two Ambassadors and associated State Department types that are with us—I would like to hear a little bit about not only the negotiations, the actual possible treaty terms. When you get to your comments—and I have read some of your formal statements and they sounded as long-winded as ours—I would hope after your formal statements you will tell us a little about the context of the negotiations, particularly in view of the fact that one of the major Soviet Latin American experts has been in Panama recently for an extended stay. I would like to hear about the proposals that the Soviets are making now to build a major factory in Panama, to locate a bank there, the negotiations going on between the Soviet Union and the Panamanian Government about establishing a free zone in the City of Colon so the Soviets can expand their activities in the rest of Latin America, about the building of a Soviet hydroelectric plant and whether you feel all these negotiations between the Soviets and Panama has any bearing at all on the question of whether or not we should relinquish control of the Canal.

I would like to hear your full explanation of the double-talk you have been giving us about defense of the canal. You tell us one of the reasons we might as well cede control is that we can't defend the Canal, anyway, that any guerrilla force can bomb the facility and put it out of commission. Please square that with President Carter's expensive telegram he sent to me and all 535 other Congressmen and Senators about how we will be able to defend it better once we abandon the Canal Zone. If we can't defend it now, how can we later? Let's have some answers on that.

Lastly, I want to tell the negotiators, Mr. Chairman, because some conservatives are not willing to fight, and because Gerry Ford is willing to initial a document that he hasn't read, there still are a great many Members of the Congress who do try to represent their constituencies, and I would suspect today if you had to take a poll on this issue nationwide, it would be the same as in the First District of Maryland, overwhelming rejection of at least what we now understand to be your proposal.

I don't think we have seen anything in the context of history in the last generation or two that will be as momentous as this issue. I think we confront in these hearings and the treaty which will be

written eventually a basic question as to whether or not a small liberal elitist establishment of this country that does not represent the American people are going to be able to foist off another chapter in the appeasement that has characterized the Foreign policies of both parties for too long.

The CHAIRMAN. Ms. Mikulski.

Ms. MIKULSKI. Thank you, Mr. Chairman. First of all, I would like to compliment you for convening this meeting for oversight purposes, and bringing to the attention of the American people the fact that the House of Representatives does play an important role in the disposition of the Canal issue.

Frankly, Mr. Chairman, I don't sit around reading the Constitution at night. I try to live by it. And when you brought up Article IV and its implications for the House, it was a new insight for me, and I know I appreciate it, and I know other Members of the House of Representatives do, also. Sometimes the other body thinks that it can run the world, and yet you know what our sentiment is.

I would also like to compliment Ambassadors Linowitz and Bunker for working so honestly, diligently and with a great deal of honor in trying to come to some kind of equitable solution on the Panama Canal issue.

Mr. Chairman and Ambassadors, I know both my constituents and I feel a great deal of uneasiness about this. I find that we are caught between having a set of basic principles that we hold dear about our relationships within ourselves and our own neighbors, and yet some very important realities for the U.S. Let me share with you why I feel so uneasy as we begin what I hope will be an extensive review of the Panama issue.

First of all, if you look at certain principles we hold dear as Americans, they look like this. We believe in the principle of self-determination and we deplore colonialism. In some ways those are the very issues at stake when we talk about the U.S. being in or out of Panama. I know I don't particularly like colonialism, and yet, at the same time, my country is being accused of it in terms of its relationship with the Panama Canal. But while I have this set of lofty principles and beliefs, on one hand, there are also practical issues I have to be able to understand, and I know my constituents want to understand. What, really, are the national security issues, both in defending the Canal and its implication for the security and safety of the U.S.? What are the transportation issues? How will we be able to ensure this as a major transportation artery within the free world so that all of us, American flag, even the flags of convenience, can use the Canal? Can we ensure the neutrality of the Canal? What about the safety and well-being of the employees in the Canal? What will be the economic impact on the U.S.? Will the rising tolls have an inflationary impact on the U.S.?

These are the things I don't know. But I do know that I want my country to be secure. I want its trade to be guaranteed through a vital artery. I want the employees safe and secure, and when I look at the nations of the old world and their relationship as they pulled out of countries, I find that the history of leaving behind vital resources has not been very satisfactory. I think when we look at Africa and India, we see that. When we look at the relationships

with France and England, there is a lot to be learned. Those are the kinds of issues I think we are interested in.

Lastly, and not at all least, I think what my constituents want to know, and I want to know, is this really a giveaway? Is this really a throwaway? Or is it that by sharing a resource and coming up with an equitable agreement, we don't lose power, but we gain power through a reputation of fairness, equitableness in our Latin American policy?

So as we review the proposed Canal treaties, I am interested in seeing how we can strike a balance with the principles of self-determination and the protection and safety and security of the U.S. It is those principles by which I judge my actions on this.

Thank you.

The CHAIRMAN. Mr. Dornan.

Mr. DORNAN. Thank you, Mr. Chairman.

Mr. Linowitz and Mr. Ambassador Bunker, I want to associate myself with all of the opening remarks of the Chair, and I would like to again say to both of you something I have said in public many times, that I will give as much of my time as possible to defending your sincere interest in negotiating what has probably been the toughest treaty this country has had in a decade or more, and I will not stand by quietly when the Far Right try to ascribe to you non-patriotic or more evil motives than what you have tried to accomplish.

Mr. Bunker, I think your record as an American diplomat is virtually without peer. You have had a career that is easily described with the word incredible.

Mr. Linowitz, in spite of your business involvements, which were aboveboard in that area, I think you were handed the toughest, hottest potato that anyone has been given to back up the work that Ambassador Bunker has worked on with such zeal. However, I would hope that you would return the compliment in my defending your sincerity and your position by not ascribing to myself or anyone else in this country who intelligently, in open discourse, takes exception to your conclusions, that we are not either following evil motives or even defending some sort of weird colonialism or imperialism.

I came across an editorial, flying here this morning from my district, in the Wall Street Journal, and, I would like to read the first paragraphs, which does not take a stand for or against the treaty you have worked so hard on. It just merely sets the record straight on this breast-beating, mea culpa attitude that some people in the State Department have that somehow or other we must purge ourselves of the "evil" we have perpetrated on the Panamanian people for 63 years.

The article begins:

> David McCullough, author of a widely-hailed history of the building of the Panama Canal, commented recently that if archaeologists in the future should come upon the canal with the water gone and just the locks still there, they'd have to say: "My God, what a civilization must have built this!"
>
> And of course they would be right. The canal ranks among the greatest engineering feats of history. Counting the fruitless efforts of the French, it was 44 years in the building, costing some $400 million and over 25,000 lives.
>
> Even in the Space Age, the canal remains impressive; its six sets of 1,000-foot-long locks that lift ships 85 feet to cross a shallow mountain range and return them to sea

level again; its two great artificial lakes for storing the millions of gallons of water necessary for the locks; its annual traffic of 14,000 ships on a 50-mile transit between two great oceans. Much of the original equipment still is in use 63 years after the canal opened for business.

The canal was more than an engineering miracle. Its construction involved sanitation and medical techniques that transformed a pestilential jungle into one of the healthiest areas of the world. The death rate from yellow fever—a terrible scourge in the Americas for more than four centuries—fell from 40 per 1,000 canal workers in 1906 to seven per 1,000 in 1914. Malaria admissions to Canal Zone hospitals fell more than 90% in that period. By the time the canal opened in 1914 the Canal Zone's annual death rate was less than half that of the U.S.

For all their greatness, the engineering feats of G. W. Goethals and the medical accomplishments of Carlos Finlay, Walter Reed and William Gorgas were only part of the story. The canal also was the product of an America brimming with self-confidence, believing it could do anything it set out to do.

One has the sense that our own age is more jaded. Hand-wringing over the future has become fashionable in intellectual salons and it is a mark of sophistication to disparage achievements of the past. Such circles now label the Canal Zone a "colonial enclave" peopled by ugly Americans, and air guilts over Teddy Roosevelt's use of the Navy to support Panama's revolt against Colombia, which had owned the isthmus, in 1903.

It is forgotten that such power plays were the norm in that era of manifest destiny. They are not unknown even in our own era, as post-World War II events in Hungary, Czechoslovakia, Angola, etc., will attest.

But even if you believe that it is anachronistic for the U.S. to maintain a zone of authority stretching across a small, sovereign nation, there was little need for the breast-beating and mea culpas that accompanied the U.S. negotiations that now have provided a draft treaty that would turn over the canal to Panama by the year 2000.

From all indications, the administration faces a tough fight in selling its treaty to the Senate. Public opinion polls show that Americans overwhelmingly favor keeping the canal. Even if that were not true many Senators will no doubt find the treaty overgenerous in its willingness to pay the Panamanians so liberally to take the canal off our hands.

It might help for the administration to make it abundantly clear that the U.S. concessions are prompted by a desire to promote goodwill in this hemisphere rather than by misplaced feelings of guilt and atonement.

Mr. DORMAN. The article ends up by saying, "A rejection, if it comes, will not be an ungenerous act but a repudiation of those who have counseled that the American record in Panama is something for which we owe the world an apology."

After several trips down to the Zone, and after reading copious research material, because I asked specifically to sit on the Panama Canal Subcommittee, I come to the conclusion also that we have very little to apologize for. When the United States of America in foreign policy moves to change the status quo, there should be very good reason.

I have heard this administration not offer one scintilla of logic as to why we should change the status quo in South Korea and destabilize that part of the world.

In seeking to find out why this treaty is being negotiated and I certainly have tried to keep this a bipartisan approach, given the fact that I am supporting my Chairman and taking the lead from him and other prominent Democrats like Daniel Flood of Pennsylvania. I ask you, why has one administration after another sought to give up this important defense structure and important world artery of trade? I for one don't believe our presence has any vestige of imperialism or colonialism.

You have only given two reasons: one, that somehow or other Latin America will love us more if we give up this treasure that has been rated by some people at a value of $7 billion, while we spend

one-quarter of a billion dollars to improve a rock in the Indian Ocean called Diego Garcia.

I have to pause to determine why we are going to profit by giving up this waterway when we know in this room, those of us who have done deep research in this area, that heads of state most friendly to us whisper in quiet of privacy not to give the canal to an unstable man—and a man who in his political leanings will drift to the far right in order to take control, or the far left as Mr. Castro, in order to secure him power for the rest of his lifetime. When I look at the Hungarian brutality or last year's ugly disgrace of Gerda-type warriors used to kill young black men, when I look at a standing ovation for a brutal murderer named Idi Amin by the Organization of African Unity, I have to scoff at the opinion of the Third World and what it thinks if the United States if it does or does not cave in on something that it thinks we should.

So I don't give much credence to reason one that South America will love us more if we give up the Canal.

Reason two is even more offensive: that we will prevent bloodshed.

Mr. Torrijos—and I hope we will discuss his brother, a fugitive from justice for heroin running in New York and Buenos Aires, rewarded by an ambassadorship to Spain—I hope we will analyze the personality of the man who said in Newsweek, "This treaty has avoided the deaths of 50,000 young Panamanians." We are told that this is why we are negotiating the canal, because he is going to negotiate some type of vicious tantrum tantamount to Mr. Noriega setting bombs on American territory last October, an incident that our ambassador in the Canal Zone kept secret when he chewed Torrijos out for that conduct. The ambassador agreed that Mr. Noriega set bombs in the Canal Zone. When we look at that personality threatening deaths in the Canal Zone if we don't give him the canal, then I call that the worst foreign blackmail I have seen since the North Vietnamese tweaked the nose of Secretary Kissinger.

I hope we will discuss whorehouses in the Canal, skimming, Swiss bank accounts and the rumors about Treasury Department people going to the Panamanians privately trying to slip more money into the Torrijos regime rather than do things openly and above board. If they are rumors, let us discuss them.

I am opposed to the ranking minority member, whom I respect for his zeal and intellect as a Congressman, about going into executive sessions. If Newsweek is correct that this will spill over into congressionl campaigns and maybe affect the presidential campaign, then let's have it all out here in the open. Let's discuss everything, from houses of prostitution to brothers running heroin. Let's get it out in the open.

I told you gentlemen before in Panama, and you concurred, that this type of open discussion makes your job easier because then Mr. Torrijos knows what he is up against, not only in the U.S. Senate but also here in the U.S. Congress under the excellent leadership, of Dan Flood and the Chairman of this Committee who knows more about this canal than I could learn in the next two years.

Thank you.

The CHAIRMAN. Mr. Trible?

Mr. TRIBLE. Let me say I welcome the opportunity to hear from Ambassadors Bunker and Linowitz in regard to the proposed treaty with Panama and engage in what I hope will be an unemotional colloquy on this important issue.

I should add that I share the concern voiced by the Chairman and other members of this committee.

My own preliminary view is that the proposed treaty is contrary to the national security of the United States and international commerce. It is one thing to surrender sovereignty to the Canal Zone and another to pay the Panamanians so liberally to take the canal off our hands.

I look forward to the discussion this morning and I appreciate the opportunity to have the occasion to meet with you and discuss this important issue.

Thank you.

The CHAIRMAN. Thank you.

Mr. Ambassador, of course, it is a few days since August 10, and I think that the forum on this issue has been reserved for the executive branch.

If the members of the committee will indulge themselves in expressing some feelings, I am sure that you and Ambassador Linowitz, General Dolvin, Mr. Wyrough, Mr. Hansell and Mr. Beckel have profitted from what generally is an across-the-board feeling in the House on the issue.

Now, Mr. Ambassador, we are certainly happy to hear your views on this issue.

STATEMENT OF HON. ELLSWORTH BUNKER, AMBASSADOR AT LARGE, U.S. DEPARTMENT OF STATE; ACCOMPANIED BY HON. SOL M. LINOWITZ, AMBASSADOR, CHIEF U.S. TREATY NEGOTIATORS (PANAMA CANAL TREATY ACCORDS); HERBERT HANSELL, LEGAL ADVISER, U.S. DEPARTMENT OF STATE; LT. GEN. WELBORN G. DOLVIN (RET), DEPARTMENT OF DEFENSE, DEPUTY TREATY NEGOTIATOR; ROBERT BECKEL, DEPUTY ASSISTANT SECETARY OF STATE FOR CONGRESSIONAL RELATIONS; AND RICHARD WYROUGH, TREATY COORDINATOR AND MEMBER OF NEGOTIATING TEAM, U.S. DEPARTMENT OF STATE

Ambassador BUNKER. Mr. Chairman and members of the committee, Ambassador Linowitz and I are here today at your invitation to discuss with you the new Panama Canal agreement. Accompanying us are Mr. Herbert Hansell, the Legal Adviser of the Department of State; Lt. General Welborn G. Dolvin (Retired) of the Department of Defense and Deputy Treaty Negotiator; Mr. Robert Beckel, Deputy Assistant Secretary of State for Congressional Relations; and Mr. Richard Wyrough of the Department of State, Treaty Coordinator and member of the negotiating team. Ambassador Linowitz, Mr. Hansell and I will have brief opening statements.

Chairman Murphy, in his letter inviting us to this hearing, stressed the importance of fully and promptly informing the Congress about the new agreement. We endorse this objective and hope that our presence here today will contribute to a better understanding of what has been accomplished in these negotiations.

It is, I believe, worth noting that this administration has consulted extensively with the Congress during the course of the negotiations. Over the past seven months Ambassador Linowitz and I, as well as various other officials from the State and Defense Departments, met individually or in groups with most of the members of the Senate and with a large number of House members interested in the Panama Canal issue. This is the second time this year that we have testified before this committee.

In our last appearance before you—on March 16—we reported that there were several issues still to be resolved. Today we can confirm that both sides have agreed in principle on the terms of a new canal agreement, which is in the process of being put in final form.

The agreement will involve two treaties. One will govern the operation and defense of the canal until December 31, 1999. The other will provide for the permanent neutrality of the waterway.

We believe the terms that have been negotiated are favorable in every important respect—they assure the efficient operation of the canal—they enable the United States to protect the canal—they guarantee the canal's neutrality indefinitely—and they provide an economic settlement that is fair and reasonable.

In the remainder of my statement I will explain the arrangements for the canal's operation and defense under the new treaty. Ambassador Linowitz will then discuss the neutrality agreement and the economic arrangements.

The United States will retain control of both operation and defense of the canal for the remainder of this century—that is, until December 31, 1999. During that period Panama will take part in both operational and defense activities. This arrangement will ensure that the United Statres can guarantee the uninterrupted, efficient operation and security of the canal after the new treaty goes into effect. At the same time, it will provide Panama both the time and the opportunity to develop the experience and capability needed to assume responsibility for canal operation and defense beginning in the year 2000.

An important element in canal operation and defense are the provisions for use of the lands and waters in the present Canal Zone. Under the treaty, the Canal Zone will cease to exist and Panama will assume general territorial jurisdiction over the area of the Zone. However, the United States will retain access to and the rights to use all land and water areas and installations necessary for the operation, maintenance and defense of the canal through December 31, 1999.

Insofar as defense is concerned, this means that the United States will retain bases for the defense of the canal. A Status of Forces Agreement similar to such agreements elsewhere will cover the activities and presence of our military forces.

In operating the canal, the United States will act through a United States Government agency, which will replace the Panama Canal Company. The canal treaty will specify certain features of the agency, which is to be established through legislation enacted

by the Congress. The agency will have a board of directors made up of five Americans and four Panamanians, all of whom will be appointed by the United States.

The executive officers of the agency will be a Canal Administrator and a Deputy Administrator. Until 1990 the Administrator will be an American, and the Deputy a Panamanian. Thereafter, the Administrator will be a Panamanian and the Deputy an American. Through the Canal Agency, the United States will have the necessary powers to regulate canal operations, including the setting of tolls.

Of special importance to the future operation of the canal are the treaty provisions governing the personnel of the canal enterprise. These provisions have been worked out with three objectives in mind: First, we must ensure that the canal will have a trained and fully qualified work force. Second, we must provide fair treatment to the employees, both U.S. and Panamanian, who presently work for the canal. Third, we want to open increasing opportunities to Panamanians for employment at all levels in preparation for Panama's assumption of responsibility for canal operation at the treaty's end.

Under the new treaty, terms and conditions of employment will generally be no less favorable to persons already employed than those in force immediately prior to the start of the treaty. With regard to basic wages, there will be no discrimination on the basis of nationality, sex or race. Panama and the United States will cooperate in providing appropriate health and retirement programs.

Under the treaty, a number of activities now carried out by the United States will be terminated or transferred to Panama. The terms of the new agreement call for persons employed in activities transferred to Panama to be retained by Panama to the maximum extent possible. In addition, the United States will provide appropriate early retirement program.

Certain provisions will govern U.S. citizen employees. New employees—that is, those hired after the new treaty takes effect—will generally be rotated every five years. Present employees of the Canal Company and the Canal Zone Government may continue to work for the new agency until their retirement or until the termination of their employment for any other reason.

The number of present U.S. citizen company employees will be reduced 20 percent during the first five years of the treaty. Any employee whose job is adversely affected by the treaty will receive priority job placement assistance. All will enjoy rights and protections similar to those of United States Government employees elsewhere abroad. Persent employees will have access to military postal, post exchange and commissary facilities for the first five years of the treaty.

The transfer to Panama of jurisdiction over the area of the Canal Zone will also affect U.S. citizen canal employees. Under the new treaty, United States criminal jurisdiction over its nationals will be phased down during the first three years of the treaty. Thereafter, Panama will exercise primary criminal jurisdiction with the understanding that it may waive jurisdiction to the United States. United States citizen employees and their dependents charged with crimes

will be entitled to procedural guarantees and will be permitted to serve any sentences in the United States in accordance with a reciprocal agreement.

That concludes my statement. Ambassador Linowitz will now explain other aspects of the new canal agreement.

The CHAIRMAN. Ambassador Linowitz.

STATEMENT OF THE HONORABLE SOL M. LINOWITZ, AMBASSADOR, CHIEF NEGOTIATOR, PANAMA TREATY ACCORDS

Ambassador LINOWITZ. Mr. Chairman, members of the committee, for more than 13 years, under four Presidents, the United States has been seeking the basis for a new treaty with Panama to replace the outmoded treaty of 1903. Last week we were able to announce agreement in principle on the basis elements of treaty arrangements which will, we believe, fully respond to the national interests and aspirations of each country. At the same time, the accord will recognize our mutual responsibility toward the countries of the Western Hemisphere and the world.

Upon our return to Washington last Thursday, Ambassador Bunker and I met with the President, the Secretary of Defense, the Acting Secretary of State, and the Joint Chiefs of Staff. We reviewed with them in detail the principles which had been negotiated and which will be incorporated into the texts of two new treaties which, as you know, are now being drafted.

At the end of our meeting, the Joint Chiefs indicated to the President that in their judgment these principles fully provided for the security needs of the United States and that they therefore completely support them.

Yesterday, at Preident Carter's request, General George Brown, Chairman of the Joint Chiefs of Staff, and I met with former President Gerald Ford in Colorado and outlined the terms of the agreement to him. President Ford expressed his satisfaction at the arrangements we had made in these negotiations and gave his endorsement to the principles agreed upon.

Both President Carter and President Ford believe that we are now on the threshold of concluding two treaties with Panama which are fair and equitable and which President Carter has properly called "an example to the world of how nations can work together for the benefit of all."

This, then, is the moment when the United States can finally realize the fruits of so much effort by both Democratic and Republican administrations to achieve a fair and reasonable new treaty arrangement which will preserve our interests in the canal and at the same time permit us to act the way a great nation should act.

Ambassador Bunker has outlined various of the major features of our new treaty arrangements. I would like to follow by describing several others.

The new canal agreement will provide the basis for assuring to the United States continued access to a canal which is open and secure. As Ambassador Bunker has stated, under the new treaty U.S. forces will have the primary responsibility for maintaining canal defense until the year 2000; but the United States will have important rights extending beyond that date.

A separate neutrality treaty, which will take effect simultaneously with the new canal treaty, will commit the United States and Panama to maintain a regime of permanent neutrality of the canal. Under the rules of neutrality to be set forth in the treaty, the canal is to be open to merchant and naval vessels of all nations at all times without discrimination as to conditions or charges of transit.

A special provision authorizes U.S. and Panamanian warships to transit the canal expeditiously in both peace and war and without being subject to any restrictions as regards means of propulsion, armament or cargo.

The treaty gives the United States defined rights to assure that the canal's permanent neutrality is maintained and places no limitation on our ability to take action as may be necessary in the event that the canal's neutrality is threatened or violated.

It is most important to point out that unlike the treaty governing canal operation, the neutrality treaty is of indefinite duration. In short, the neutrality treaty will provide a firm foundation for assuring that our long-term interest in the maintenance of an open, accessible, secure and efficient canal is preserved.

Now as to the economic terms of the new canal agreement: At the start of these negotiations both countries agreed—in the 1974 Kissinger-Tack Statement of Principles—that Panama should receive a "just and equitable share of the benefits derived from the operation of the canal in its territory." Consistent with this principle, the United States maintained during the negotiations that payments to Panama should be drawn entirely from canal revenues—that is, that the payments should reflect the canal's economic value as measured by its revenue-generating capacity.

Panama's representatives took a different view at first. They proposed a large initial lump-sum payment together with a very sizable annuity, a total value which far exceeded the most optimistic projection of canal revenues.

The Panamanians argued that these large sums were not disproportionate considering the canal's economic value to the United States and when compared with payments made by the United States for rights of more limited duration and scope in military base agreements with other countries. They pointed out that under the new treaty Panama would be committing itself to a close and long-term working partnership with the United States; and they urged that this was reason enough for the United States to give Panama special consideration by affording it additional resources for its economic development.

The agreement which has now been worked out has two components: First, payments to Panama, to be financed entirely from canal revenues, will be provided for in the new treaty. And a package of loans, loan guarantees, and credits outside of the treaty and subject to existing statutory procedures is also planned.

Payment to Panama from canal revenues to be provided for in the new treaty will consist of: (a) a fixed share of tolls amounting to 30 cents per Panama Canal ton. We estimate that this will yield $40 million to $50 million per year; (b) an annuity of $10 million, also to

be drawn from canal revenues; and (c) up to an additional $10 million per year if canal traffic and revenues permit.

The economic development program outside of the treaty consists of loans, loan guarantees and credits extending over a period of five years and will include the following components-all designed to support Panama's economic development: up to $200 million in Export-Import Bank credits; up to $75 million in AID housing guarantees; and a $20 million Overseas Private Investment Corporation loan guarantee to COFINA, the Panamanian national development corporation, a national development bank.

In addition, the United States is undertaking to provide to Panama up to $50 million in Foreign Military Sales credits over ten years to assist it in developing the capability needed to exercise its responsibilities for canal defense under the new agreement.

None of these loans, guarantees and credits will require appropriations from the Congress. I want to stress, however, that the disbursement of funds under these programs will be subject to all the procedures and criteria which normally apply to each of the programs involved.

We believe that the economic settlement is fair, reasonable and appropriate. We are convinced that it is a good investment toward establishing a new relationship with Panama that will protect our long-term interest in the canal; and it will not involve any additional burden for the American taxpayer since it can be financed from canal revenues.

Let me add a word to my prepared statement, Mr. Chairman, to respond to some of the comments made this morning.

I submit to you that one single question that you, members of the Senate and the American people should ask yourselves about this new treaty arrangement is simply this: Is it in the highest national interest of the United States? If this arrangement is not, then it should be rejected and you should be among the first to do so. But if you are persuaded that the agreement we have reached is indeed in the highest national interest of the United States, it deserves your full support.

As you know, President Carter, President Ford, the Joint Chief of Staff, Secretary Kissinger, Secretary Vance, Secretary Harold Brown, have all come to the conclusion that this new arrangement as outlined is in our highest national interest.

We hope that you, too, and the American people and the members of the Senate will openmindedly and fairly and thoughtfully examine these provisions and arrangements and do so in an atmosphere of mutual trust and respect, so that the American people can get what they are entitled to get, the greatest wisdom and best judgment of those who have undertaken to serve the American people. I have no question in my mind that when you have had that opportunity, when all the details of the treaty which are still not finally drafted are put before you, that you will see what has been reached as an agreement, which is indeed fair and equitable and which is indeed in the highest interest of the United States.

Now Mr. Herbert Hansell would like to make a comment.

The CHAIRMAN. I would like to clarify one thing. On page 3, second paragraph, you say, "will commit the United States and

Panama to maintain a regime of neutrality." I believe you added the word "permanent"?

Ambassador LINOWITZ. Yes, sir.

The CHAIRMAN. Where did you add the word "permanent"?

Ambassador LINOWITZ. "a regime of permanent neutrality of the Canal."

The CHAIRMAN. Thank you.

Mr. Hansell?

STATEMENT OF HERBERT J. HANSELL, LEGAL ADVISER, U.S. DEPARTMENT OF STATE

Mr. HANSELL. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, I wish to address this morning a legal question that you and several members of the committee have already mentioned. I refer to the question of whether property of the United States in the Canal Zone may be disposed of by treaty, or whether legislation is required for such a disposition.

I am impressed by the legal views expressed by you and Mr. Hubbard and Mr. Metcalfe. But with all due deference the Administration, specifically the Department of State and the Department of Justice, are very clear that the correct answer to that question is that under the Constitution, property of the United States may be disposed of by either method.

Because this committee has oversight responsibility for the administration of the Panama Canal, the Canal Zone and its waters, I appreciate that the committee has a particular interest in this legal question, and I wish to discuss it fully with you.

Ambassadors Bunker and Linowitz have described the general scope of the proposed treaties. I would simply wish to reiterate that under the proposed treaties, the Congress would have continuing legislative responsibility over such matters as U.S. defense activities in Panama, organization and functioning of the canal operation, financial management of the canal, employee relations and navigation.

In addition, specific legislation will be required to implement many aspects of the new relationship, including the establishment of a new canal operating agency and a new employment system, and measures concerning the financial management of the canal.

While it is clear that extensive implementing legislation will be required, we are not able yet to make specific proposals concerning the contemplated legislation since the texts of the treaties are still under negotiation. However, I would emphasize, Mr. Chairman, that the House of Representatives will in any event have a major role in the creation and implementation of any new relationship between the United States and Panama.

I would now like to turn to the legal question concerning the power to transfer property.

The nub of the problem is the interrelation of the treaty power clause of the Constitution, Article 2, section 2, clause 2, and the property clause of the Constitution, which has been referred to several times this morning, Article 4, section 3, clause 2.

Article 2, section 2, clause 2, dealing with the powers of the President, states: "He shall have Power, by and with the Advice and Consent of the Senate, to make Treaties, provied two thirds of the Senators present concur."

Article 4, section 3, clause 2, provides: "The Congress shall have power to dispose of and make all needful Rules and Regulations respecting the Territory or other property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State."

I first note that nothing in the language of the two clauses limits the treaty power with respect to disposition of property. Nor is Article 4 with respect to disposition of property exclusive.

As Mr. Justice Field stated in *Geofroy* v. *Riggs*, "the treaty power, as expressed in the Constitution, is in terms unlimited except by those restraints which are found in that instrument . . ." But there is no restraint expressed in the Constitution with respect to disposition of property. The property clause in Article 4, like most of the clauses granting legislative powers contained in Article 1, provides that "Congress shall have power", without any qualification indicating exclusiveness against the treaty power.

Today the rule is firmly settled that the treaty power extends to all areas within the legislative authority of Congress that are not expressly reserved by the Constitution to the exclusive jurisdiction of Congress. Under Article 6, clause 2, of the Constitution, all treaties made under the authority of the United States which are self-executing take effect as the law of the land.

The Constitution, of course, contains some provisions which limit the treaty power with respect to specific subjects. Principal instances are Article 1, section 7, clause l, and Article l, section 9, clause 7. The former clause provides that "all bills for raising revenue shall originate in the House of Representatives."

The second clause cited ordains that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law." Hence it is recognized that treaties may neither impose taxes nor directly appropriate funds.

The property clause in Article 4, however, contains no language that would exclude concurrent application of the treaty power. In fact, the placement of the property clause in Article 4 of the Constitution—which deals with Federal-State relations, rather than Article 1,which deals with the powers of Congress—provides further evidence that the property clause does not restrict the treaty power.

As the debates in the Constitutional Convention of 1787 show, the property clause originated in conjunction with the grant to Congress, in the preceding clause of section 3, of the power to create new states in territories ceded to the United States.

The powers of Congress enumerated in clause 2 of that section were added to establish Federal authority over these territories and other property belonging to the United States, while preserving the claims of the States and the United States in disputed matters. The drafting history of that clause shows no indication of any intent to restrict the scope of the treaty power.

It is also significant that the property clause in Article 4 links "the power to dispose of" property closely to "the power to make all needful Rules and Regulations" respecting the Territory and other property belonging to the United States.

These two categories of congressional power are closely related. The applicability of the treaty power for one of these categories should be the same for the other. It is well settled that the treaty power can be used to make rules and regulations governing in the territory belonging to the United States, even in the District of Columbia.

The power to dispose of public land and other property belonging to the United States by treaty is also supported by judicial decisions and long-standing practice.

The most familiar judicial statement of the power to transfer rights in land by treaty was made by Mr. Justice Clifford in *Holden* v. *Joy*: ". . . it is insisted that the President and the Senate, in concluding such a treaty, could not lawfully covenant that a patent should be issued to convey lands which belonged to the United States without the consent of Congress, which cannot be admitted. On the contrary, there are many authorities where it is held that a treaty may convey to a grantee a good title to such lands without an act of Congress conferring it, and that Congress has no constitutional power to settle or interfere with rights under treaties, except in cases purely political."

Similarly, in *Jones* v. *Meehan*, Mr. Justice Gray stated: "It is well settled that a good title to parts of the lands of an Indian tribe may be granted to individuals by a treaty between the United States and the tribe, without any act of Congress, or any patent from the Executive authority of the United States."

Although the treaties in these cases were concluded with Indian tribes, the decisions are authoritative precedents for treaties with foreign nations. As the Supreme Court has stated, the former power of the United States to make treaties with the Indian tribes was ". . . coextensive with that to make treaties with foreign nations. In regard to the latter, it is, beyond doubt, ample to cover all usual subjects of diplomacy."

Let me now turn to the treaty practice of the United States. There the precedents look two ways. The record shows instances where transfers of territory and other property have been made by or pursuant to treaties alone and instances where treaties or executive agreements disposing of property belonging to the United States have been concluded pursuant to or contingent upon congressional authorization.

Precedents supporting the power to dispose of property by treaty alone can be found in the boundary treaties with neighboring powers, especially in the treaties between the United States and Great Britain of 1842 and 1846 for the location of our northeast and northwest boundaries, and in the treaty with Spain of 1819 which effectuated the cession of Florida and determined the boundary west of the Mississippi, ceding lands claimed by the United States on the Spanish side of the boundary.

I would like to call your special attention to the treaty with Mexico of 1933 and the treaty with Mexico of 1970. Both of these

treaties provided for the rectification of the river channel and the cession of lands which would have been left on the other side of the channel.

Other recent examples of treaties transferring or providing for the transfer of real and personal property are the treaties between the United States and Honduras of 1971 recognizing the sovereignty of Honduras over the Swan Islands and the treaty between the United States and Japan of 1971 for the return to Japan of the Ryuku and Daito Islands. Both treaties included provisions for the transfer of real and personal property belonging to the United States or its agencies.

The terms of the treaties either transferred the property directly or agreed upon the transfer of property. The transfers were made without implementing legislation apparently in reliance on the treaty or general statutory authority to dispose of foreign excess property.

In the history of transfers of property to Panama, we have had a mixed practice. Property has been transferred by executive agreement implemented by a Joint Resolution, by treaty providing specifically for legislation, and in at least one instance by treaty alone. However, in the legislation implementing the 1955 treaty, Congress recognized the validity of conveyances made by operation of the treaty.

Thus, Mr. Chairman, for all of these reasons, we conclude that the Constitution permits the transfer of property belonging to the United States under the treaty power.

Mr. Chairman, I am authorized by the Attorney General to state that he concurs in the conclusions I have expressed here today. The Attorney General has provided a formal, written opinion setting out his views. With your permission, Mr. Chairman, I submit a copy of that opinion for the record.

The CHAIRMAN. Without objection, it will be included in the record at this point.

[The information referred to follows:]

Office of the Attorney General
Washington, D. C. 20530

AUG 11 1977

The Honorable,

The Secretary of State.

My dear Mr. Secretary:

Your letter of July 23, 1977, requests my opinion, in connection with the negotiation of a new Panama Canal treaty, on a question involving the treaty-making power of the President and its relation to the power of Congress to dispose of territory or property belonging to the United States. The question is whether a treaty may dispose of territory or property belonging to the United States absent statutory authorization.

I.

The Constitution provides that the President shall have power to make treaties with the advice and consent of the Senate, if two-thirds of the Senators present concur (Article II, section 2, clause 2); and it provides further that treaties made under the authority of the United States

shall be the "supreme law of the land." Article VI, clause 2.

At the same time, the Constitution gives Congress a number of specific powers that bear upon matters commonly subjected to the treaty power. I need mention but a few: pursuant to Article I, section 8, Congress has power to regulate foreign trade, to provide for the protection of rights in useful inventions, to make rules governing captures on land and water, to establish a uniform rule for naturalization, and to punish offenses against the law of nations; and, of course, pursuant to Article IV, section 3, Congress has power to dispose of territory or property belonging to the United States. Moreover, there is authority for the proposition that Congress has general power, quite apart from these specific powers, to enact legislation relating to foreign affairs. United States v. Curtiss-Wright Export Corp., 299 U.S. 304 (1936); Perez v. Brownell, 356 U.S. 44 (1958).

A question that arose very early in our constitutional history was whether the existence of these congressional powers limits the power of the President and the Senate to

make law by treaty. 1/ If a treaty touches a matter that Congress has power to regulate, can the treaty be given the force and effect of law, in and of itself, if Congress has not enacted legislation putting it into effect? The question you raise is one aspect of that general question.

II.

I shall make two observations with respect to the general issue. First, from the earliest days of the Republic the decisions of the Supreme Court have provided convincing

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1/ Indeed, the question arose in connection with the debate over the very first treaty made under the Constitution, the Jay Treaty with Great Britain. The treaty provided for the creation of certain commissions and therefore required an appropriation of funds. President Washington, together with other Federalists, including Hamilton and Chief Justice Ellsworth, took the view that the treaty, of its own force, created an indispensable obligation as a matter of domestic law, and that Congress was required to appropriate the necessary funds. Jefferson, Madison, and other Republicans took the view that neither the Jay Treaty nor any other treaty could regulate matters that were within the legislative jurisdiction of Congress. See 1 C. Butler, The Treaty-Making Power of the United States 422 et seq. (1902); S. Crandall, Treaties Their Making and Enforcement 165 et seq. (2d ed. 1916); 1 W. Willoughby, The Constitutional Law of the United States 549 (2d ed. 1929). Jefferson reiterated the Republican view in his Manual of Parliamentary Practice. See L. Henkin, Foreign Affairs and the Constitution 141 et seq. (1972)[hereinafter cited as Henkin].

support for the proposition that a treaty, unaided by an act of Congress, has the force and effect of law even if it touches a matter that is within the legislative jurisdiction of Congress. Indeed, the Court has held that a treaty, of its own force, may supplant prior acts of Congress to the extent that its enforcement may require that result. Cook v. United States, 288 U.S. 102 (1933).

The seminal case, United States v. The Schooner Peggy, 1 Cranch 103 (1801), was decided in an opinion by Chief Justice Marshall. During the undeclared naval war with France, Congress enacted a statute that authorized the President to grant commissions to public vessels, with instructions that they should seize armed French vessels on the high seas, bring them to our ports, and subject them to condemnation in the courts of the United States. Act of July 9, 1798, c. LXVIII, 1 Stat. 578. In 1800 the American ship Trumbull, sailing under a commission issued pursuant to the statute, seized an armed French vessel, the schooner Peggy, and brought her to port. A proceeding was then instituted against the Peggy; and after a sentence of condemnation was entered in the court below, an appeal was taken to the Supreme Court.

During the pendency of the appeal President Jefferson, with the advice and consent of the Senate, concluded a treaty with France. The treaty provided, among other things, that vessels that had been seized by either nation should be "mutually restored" if they were not yet "definitively condemned."

Thus, when the case of the Peggy came before the Court, the question was whether the treaty controlled the disposition of the prize. If it did, the schooner was to be restored to France. If it did not, the schooner was to be condemned, under the statute; and the proceeds were to be distributed equally between the United States and the officers and men of the Trumbull.

The Court held that the treaty controlled. It was a law of the United States, not by virtue of any act of Congress, but by virtue of the command of the Constitution itself; and it had intervened during the appeal to change the statutory rule that had governed the decision below. Because the sentence of condemnation was not yet final, the schooner was not yet "definitively condemned," and it was therefore subject to the treaty. The schooner was to be restored to France. 1 Cranch at 109-10.

Implicit in the decision was the elementary proposition that the President, with the advice and consent of the Senate, had power to make a self-executing treaty affecting the disposition of a vessel captured at sea even though Congress had power to make rules (and had in fact made a conflicting rule) governing the same subject matter. The Court expressed no doubt whatever about the constitutionality of the treaty.

In the years that followed this decision the Supreme Court gave "self-executing" effect to numerous treaties that disposed of matters that Congress had power to regulate. See, e.g., Hijo v. United States, 194 U.S. 315, 323-24 (1904)(claims against the United States); Cook v. United States, 288 U.S. 102, 118-19 (1933)(customs inspections); Bacardi v. Domenech, 311 U.S. 150, 161 (1940) (trademarks); see generally Henkin, supra, note 1, at 149. Today, as a result of these and other decisions, it could not be successfully maintained, as a general proposition, that the treaty power stops where the power of Congress begins. On the contrary, the Court has said that the treaty power, operating of itself and without the aid of congressional legislation, extends to all

proper subjects for negotiation between our Nation and others. Asakura v. City of Seattle, 265 U.S. 332 (1924). The lesson of history is that these "proper subjects" include many that are within the legislative jurisdiction of Congress.

My second observation is related to the first. I have suggested that the two powers -- the power of Congress to legislate and the power of the President and the Senate to make "self-executing" treaties -- may overlap. I do not mean to suggest that they are coextensive. They are both created by the Constitution, and they are both subject to the fundamental limitations that are imposed thereunder; 2/ but the limitations that apply to the one do not necessarily apply to the other. The treaty power may extend to subjects that are beyond the legislative jurisdiction of Congress. Missouri v. Holland, 252 U.S.

2/ In Reid v. Covert, 354 U.S. 1 (1957), Mr. Justice Black stated the applicable rule: "The prohibitions of the Constitution were designed to apply to all branches of the National Government," including the Congress, the Executive, and the Executive and Senate combined. Id. at 17-18.

416 (1920). Similarly, the President and the Senate may be powerless to accomplish by treaty what the Congress can accomplish by statute.

I shall elaborate briefly upon the latter point. Some lower courts 3/ and many serious students of the law 4/ have expressed the view that certain matters are subject to regulation by Congress only; and that a treaty, if it purports to deal with such a matter, can be given effect only to the extent that it may be authorized or implemented by statute. The two matters that are frequently mentioned in this regard are the raising of revenue and the appropriation of funds. The Constitution provides that "all" bills for raising revenue "shall" originate in the House (Article I, section 7, clause 1), and, further, that "no" money shall be drawn from the Treasury except in consequence of "appropriations" made by law (Article I, section 9, clause 7). In the face of these

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3/ See, e.g., Turner v. American Baptist Missionary Union, 24 F. Cas. 344 (No. 14251)(C.C. Mich. 1852).

4/ John C. Calhoun was of opinion that a treaty could not authorize a withdrawal of funds from the Treasury. 29 Annals

(Footnote cont'd on p. 9)

provisions the opinion expressed by some is that a treaty purporting to require the establishment or alteration of a revenue measure, or a treaty purporting to require an appropriation of funds, could not be effective, as a matter of domestic law, in the absence of statutory authorization or implementation. I find it unnecessary to deal with that issue in order to answer the question you have put to me.

I now turn to the question at hand.

III.

The point of departure is the broad principle that was laid down in Geofroy v. Riggs, 133 U.S. 258 (1890), and was repeated in Asakura v. City of Seattle, 265 U.S. 332 (1924), to which I have alluded above: the treaty power extends to all proper subjects for negotiation be-

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4/ (Footnote cont'd from p. 8)

of Congress 531-32 (1816). In 1949 the Secretary of State, Dean Acheson, expressed the view a treaty could not put the United States into war. Only Congress could declare war. Hearings on the North Atlantic Treaty Before the Senate Committee on Foreign Relations, 81st Cong., 1st Sess., pt. 1, at 11 (1949). See generally Henkin, supra, note 1, at 159.

tween our Nation and others; and when a treaty purports to do so, it acts ex proprio vigore, without the aid of legislation, and is effective for all purposes, provided it does nothing that is forbidden by the Constitution.

Does the Constitution forbid the President and the Senate to make self-executing treaties disposing of territory or property belonging to the United States? I have taken note of the opinion, held by some, that the Constitution entrusts certain matters to Congress alone. In my opinion, however, the disposition of territory or property belonging to the United States is not such a matter. In my view, territory or property belonging to the United States may be disposed of by action of the President and the Senate under the treaty clause.

There are at least four considerations that support this conclusion, and I shall discuss them briefly below.

First, the fact that the Constitution gives Congress power to dispose of territory or property belonging to the United States does not suggest that the President and the Senate have no power to do so under the treaty

clause. This was the implicit teaching of Marshall's decision in the Peggy and of the cases that followed. The existence of power in Congress does not imply an absence of power under the treaty clause. On the contrary, the one proposition of which we can be certain is that many of the powers that are given to Congress are shared by the President and the Senate when they act, under the treaty clause, to conclude and effectuate bona fide international agreements.

I think it follows that if one were to hold that the power to dispose of territory or property belonging to the United States resides in Congress alone and is distinguishable in that respect from the numerous powers that are shared, one would be obliged to find some basis for the distinction either in the text of the Constitution or in the history of the relevant provisions. I find none.

The language of Article IV, insofar as it confers upon Congress the power of disposition, is identical to the language of Article I, which confers upon Congress numerous powers that may be exercised by the President and the Senate through self-executing treaties. Article

IV says that Congress "shall have power" to dispose of territory or property belonging to the United States, just as Article I says that Congress "shall have power" to regulate foreign commerce, to make rules governing captures on land and water, and so forth. Article IV goes on to say that Congress shall have power to make "all" needful rules and regulations respecting territory or property. As in the case of Article I, however, Article IV does not say that the powers it confers -- the power to dispose of territory or property, and the power to make rules and regulations respecting it -- shall reside in Congress alone.

The record of the proceedings during the Constitutional Convention supports the interpretation that is suggested by the language of the Constitution itself. The territory and property clause of Article IV was adopted during a general discussion of the role that the central government should play in connection with the territorial claims that had been asserted by the several States with respect to the western lands. In the course of the discussion there was no suggestion whatever that the purpose or effect of the clause was

to give Congress exclusive power to authorize or implement international agreements disposing of territory or property. See 2 M. Farrand, The Records of the Federal Convention of 1787 457-59, 461-66 (rev'd ed. 1937)[hereinafter cited as Farrand].

The history of the treaty clause is even more conclusive. During the course of the convention several proposals were put forth. One would have required every treaty to be approved by both Houses of Congress. 2 Farrand, supra, at 532, 538. That proposal was rejected. Another would have required the Senate to concur in treaties, but would have exempted peace treaties from that requirement, except for peace treaties depriving the United States of territory or territorial rights. 2 Farrand, supra, at 533-34, 543. That proposal was rejected as well. In its place, the convention adopted a proposal that required the Senate to concur in all treaties.

It may be possible to interpret these actions in a different way, but the simplest and, for me, the most persuasive interpretation is this: the delegates to the convention assumed (1) that the treaty power could and would extend to questions of territory, and

(2) that treaties, including treaties affecting rights in territory, could be effective in the absence of action by both Houses. 5/

This brings me to the third consideration that supports my basic conclusion. To the extent that the Supreme Court has spoken to the question, the Court has said that the President, with the concurrence of the Senate, may conclude a treaty disposing of territory or property belonging to the United States, and that such a treaty may convey good title to the territory or property in question.

5/ I should note that this very point was considered in the State conventions that were called to ratify the new Constitution. The objection was made that the treaty clause gave the President and the Senate power to alienate territory. The Virginia and North Carolina conventions proposed a remedial amendment that would have required every treaty ceding or compromising rights or claims of the United States in territory to be approved by three-fourths of the members of both Houses of Congress. 2 Documentary History of the Constitution 271, 382 (in U.S. Cong. Doc. Ser., No. 4185); see generally S. Crandall, Treaties Their Making and Enforcement 220-21 (2d ed. 1916).

No act of Congress is required. United States v. Brooks, 10 How. 442 (1850); Doe v. Wilson, 23 How. 457 (1859); Holden v. Joy, 17 Wall. 211 (1872); Best v. Polk, 18 Wall. 112 (1873); Francis v. Francis, 203 U.S. 233 (1906). The dictum in Holden v. Joy is one of the clearest statements of this principle:

> [I]t is insisted that the President and Senate, in concluding such a treaty, could not lawfully covenant that a patent should be issued to convey lands which belonged to the United States without the consent of Congress, which cannot be admitted. On the contrary, there are many authorities where it is held that a treaty may convey a good title to such lands without an act of Congress conferring it . . . . [17 Wall. at 247].

I do not hold that these cases provide a sufficient answer to the question you have raised. They all involved Indian treaties and questions of "title" to real property. I do think, however, that the principle for which they stand is one of general application; that it bears upon your question; and that it supports the conclusion I have reached. These cases, when viewed in light of the textual

and historical considerations I have already mentioned, provide substantial support for the proposition that a treaty disposing of territory or property belonging to the United States may be self-executing. I find no cases to the contrary.

Finally, my conclusion is supported by historical practice. While I do not suggest that the commands of the Constitution may be attenuated by persistent practices not in conformity with them, I must observe that as a matter of historical fact the President and the Senate have made self-executing treaties disposing of territory or property belonging to or claimed by the United States.

I shall mention one rather clear example of the practice. Under the Florida Treaty with Spain (1819) the United States ceded all its territory beyond the Sabine River in Texas to Spain in return for the cession of the Spanish territories of East and West Florida. 8 Stat. 252, T.S. No. 327. While there had been some dispute over some of the relevant boundaries, the congressional debates, as well as President Monroe's annual message to Congress, make it clear that many considered the action to be an outright cession of American territory in exchange for

Spanish territory. 36 Annals of Congress 1719-38, 1743-81; 2 J. Richardson, Messages and Papers of the Presidents 55 (1896). No statute authorizing the American cession was ever enacted. 6/

There have been a number of other treaties that have been self-executing insofar as they have disposed of territory or property belonging to the United States or have compromised a claim of the United States to property or territory claimed by a foreign power. 7/ I do not believe that the validity of these treaties could be questioned today.

6/ The self-executing effect of the Spanish cession was the subject of two decisions by the Supreme Court. Foster v. Neilson, 2 Pet. 253 (1829); United States v. Arredondo 6 Pet. 691 (1832). Congress did enact legislation authorizing the President to take possession of the Spanish cessions and to provide rules for their government. Act of March 3, 1819, c. XCIII, 3 Stat. 523, Act of March 3, 1821, c. XXXIX, 3 Stat. 637.

7/ See, e.g., United States-Great Britain Treaty of 1842 (Webster-Ashburton), 8 Stat. 572, T.S. No. 119; United States-Great Britain Treaty in Regard to Limits Westward of the Rocky Mountains of 1846 (Oregon Treaty), 9 Stat. 869, T.S. No. 120.

IV.

In stating my opinion with respect to the question you have raised, I have taken note of general principles that bear upon the relation between congressional power and the power of the President and the Senate under the treaty clause; but I have no occasion to express an opinion with respect to any other questions that may arise in that context, and I express none.

Sincerely,

Griffin B. Bell
Attorney General

Mr. HANSELL. Before concluding, I would like to add several observations about matters discussed during this hearing.

With reference to Mr. McCloskey's thoughtful request about executive session and your response, Mr. Chairman, it has been our understanding, as a result of advance discussions, that following my presentation the committee might wish to ask questions concerning the constitutional and legal issues I have discussed, and that the committee would then go into executive session to the extent that it wanted to question the Ambassadors about the treaties.

This was not, of course, because there is anything to hide. It is because we want to negotiate the very best treaties that we can. Many of the members of this committee have been involved in negotiations and know the importance of protecting the confidentiality of negotiating positions. We are prepared to tell the committee what we can, but we do not at this very crucial moment in the negotiations want to tip our hand to those across the table or to provide information that could jeopardize the negotiating position. Of course, when the job of negotiating the treaties is completed, the results in the fullest possible detail will be spread on the public record.

One other comment, Mr. Chairman, in reference to the comments about Ambassador Linowitz' appointment and service by Mr. Snyder. While we did not anticipate such a personal reference, I think it is appropriate to say that Sol Linowitz needs no defense from me. His reputation, character and integrity speak for themselves; but on behalf of the President and the Secretary of State I am proud to say the questions mentioned were, of course, fully inquired into at the time of his appointment, on the basis of his full disclosure of the facts; and the innuendos suggested were and are totally groundless and unwarranted.

This concludes my presentation. Thank you for this opportunity to appear.

The CHAIRMAN. Thank you.

Ambassador Bunker, are there other statements by other members of the panel?

Ambassador BUNKER. No other statements, Mr. Chairman.

The CHAIRMAN. Thank you. We appreciate the opening statements.

We have some questions that go to one of the most vital areas and, of course, that is the question of jurisdiction which Mr. Hansell just directed himself to.

We as a committee will proceed under the five-minute rule. If there are areas that get into what you feel are sensitive to your negotiating position, if you would indicate to us we will reserve those questions for executive session.

Mr. SNYDER. Mr. Chairman, if that was a unanimous consent request——

The CHAIRMAN. It was not.

Mr. SNYDER. The Chairman stated that we will reserve them for executive session. I think that should be resolved.

The CHAIRMAN. I think we should get as much of this hearing underway as we can.

Mr. SNYDER. Everything I read in the press said they negotiated a treaty. The lawyer there just now says they are still negotiating. If they are still negotiating, they have not been leveling with the American people. They either have or have not reached an agreement.

The CHAIRMAN. I yield to the gentleman for a question.

Mr. SNYDER. I want to go on the record as objecting at this point to an executive session.

The CHAIRMAN. We are not going into executive session at this time. The gentleman's right will be protected at an appropriate time.

Mr. SNYDER. Thank you.

The CHAIRMAN. Ambassador Bunker, do you agree with the proposition that the United States holds a property interest in the Canal Zone?

Ambassador BUNKER. That it owns property?

The CHAIRMAN. Yes.

Ambassador BUNKER. It does own about one-third of the area of the Canal Zone.

The CHAIRMAN. I would like to read to you a Comptroller General's opinion, and I wish Mr. Hansell would take note of it.

This is a June 14, 1977, letter from the Comptroller of the United States, addressed to me, concerning this issue. I won't go through the entire issue. I will refer the letter en toto to you. It says, "Territory or other property belonging to the United States. . . . the United States' interest in the Panama Canal Zone can ultimately be divested only through an act of Congress."

I think our hearings in the 92nd Congress conclusively convinced the State Department and they acquiesced, as did the Justice Department, that property transfers, even though Congress in the past may not have exercised the prerogative, does not indicate that Congress loses any of its prerogative in that area.

I would include this letter in response immediately following the Attorney General and the State Department's statement.

I think I might also add for Mr. Hansell's benefit that in the case of *Youngstown* v. *Sawyer,* Mr. Justice Jackson in his concurring opinion noted that Attorney General opinions are partisan comments. Justice Jackson, of course, was a former Attorney General, fully aware of the atmosphere the Attorney General's opinions are within. The Attorney General is, in fact, the President's lawyer. It is in that light that we accept his comments, of course.

Don't the previous transfers of property or territory in the Canal Zone to the Republic of Panama support a role of the House of Representatives in the disposal of property pursuant to the new canal treaty?

Mr.HANSELL. As indicated in my affirmative remarks, Mr. Chairman, the treaty power can be exercised to dispose of property of the United States. Property can also be transferred pursuant to legislative enactment by the Congress.

If I understand your question, I think——

The CHAIRMAN. I think your opening statement indicated that the Congress' role would be in the implementation of any new property arrangements and not in the disposal arrangements.

Mr. HANSELL. The intent, Mr. Chairman, was to make clear that as a constitutional matter, property can be disposed of by either means. We did want to make clear that if it does eventuate that property is disposed of by the treaties that are being negotiated, nevertheless there will, of course, be numerous other aspects of the new relationship that would be the subject of implementing legislation.

It was not my intent to suggest that the property transfer question has been fully determined but only to clarify the legal question which has been raised by you and others as to whether or not property can constitutionally be transferred by treaty.

The CHAIRMAN. You stated Article 4 was not exclusive. However, in the cases of *Sere* v. *Pitot, American Insurance* v. *Canter,* and others say that the Congress' ability to dispose of property is exclusive?

Mr. HANSELL. I am not familiar with those cases. The written version of my statement, of course, does have a number of case citations which I did not want to take the time to read; but I would say, Mr. Chairman, I think we have reviewed the authorities on this issue as extensively as we could and are quite confident of the view expressed both by the Attorney General and the Department of State.

The CHAIRMAN. I would like you to go back to the 92nd Congress' report of this committee, because in your statement you use the same bromides that the State Department came up here with before. That was the Chief Moose Dung case which involved a ten-foot core of property transfer in Wisconsin. The State Department later recanted on using that as a basis for its argument.

I might point out that in 1937 it was the Congress that authorized the Panama Railroad to sell lands in the City of Colon. In 1943 lands and property were transferred to Panama by Joint Resolution of the Congress. During debate on that, the Chairman of the Senate

Foreign Relations Committee maintained that Congress alone has constitutional authority to transfer territory and property.

In 1957, in implementing the 1955 treaty with Panama, it was again the Congress that authorized the disposal of many parcels of land. Certain boundary adjustments were acquiesced in by the Congress and the State Department took the position that Congress had authority over all land transfers.

In the opinion of this committee, past treaty practices that the State Department has cited are easily distinguished from the situation that confronts us now. For example, the treaties with Mexico and Great Britain concern lands the ownership of which was in dispute.

This is not the case in the Canal Zone. We submitted in earlier reports to the Congress the title and deeds of every parcel that was purchased by the United States. Some of the treaties involving Indian tribes merely involved aboriginal title; other involved the continuation of existing rights. The Supreme Court always recognized that the Indians were independent communities subject to the independent power of the United States. That does not relate to property in the Canal Zone.

The practice the State Department cited concerning treaties was rejected by the Indian Appropriation Act of 1972 because Members of Congress believed that power to dispose property was vested exclusively in the Congress. I think that overrides both State and Justice's contentions.

Mr. Hubbard?

Mr. HUBBARD. Thank you, Mr. Chairman.

In behalf of the property owners interests in the Canal Zone, the United States, of course, has paid dearly. Our expenditures have included the original $10 million payment and annuity payments made to Panama in 1904, the $40 million paid to the French Canal Company in 1923, the payment of $7 billion in investment by the U.S. in the Canal Zone.

I quote from the New York Times an article that went throughout my home State of Kentucky: "United States and Panamanian officials today, August 10, closed the negotiations and say that the basic terms of agreement to be incorporated into a new treaty on the Panama Canal are as follows:"—I refer only to the economic cooperation section; that is the way it is headed—"Economic Cooperation. The United States"—and I quote from the Times-"will pay Panama $40 million to $50 million annually from toll revenues on the canal, an additional $10 million annually for the canal's operation, and $10 million more if canal revenues permit. Panama will also receive $50 million in military assistance over the next ten years. Additional aid programs involving almost $300 million in loans and loan guarantees are being developed."

During the time most of us in Congress have been home, repeatedly my constituents have asked this question, including last night a social security recipient from Sturgis, Kentucky, asked again: "Is this type of economic cooperation the treaty's goal?" and the question they asked, "Why should we, the United States Government, pay Panama to take the canal from us?

Could you answer that question for my constituents? I cannot give them any sensible reply.

Ambassador LINOWITZ. In the first place, Mr. Congressman, we are now paying to Panama $2.3 million a year as the annual rental for the canal. It started in 1903 with $250,000 and has been increased a couple of times since, so we now pay $2.3 million annually. That comes to $6 an acre for the land in Panama. Under the Kissinger-Tack principle I referred to earlier, which was specifically agreed to as one of the eight points, that (a) fair and equitable payments would be made to Panama for the use of its lands, the clear feeling was, and remains, that $2.3 million is not such a fair payment. We therefore undertook in the course of these negotiations to arrive at a figure that we thought would correctly represent the value of the canal during the life of the treaty.

We arrived at a figure that was very clse to what we had originally put forward. It is based on the assumption that the canal itself will earn the money to pay that amount to Panama. The American taxpayer will not be asked to make payment; therefore, we think it is a fair arrangement and one which properly reflects the value of the canal to us during the life of the treaty.

Now you have brought a question, Mr. Hubbard——

Mr. HUBBARD. Yes. Constituents continue to ask me,"Why are we, the United States Government, paying up to $50 million a year for the Panamanians to take over the canal?" I can't answer that. Can you, please?

Ambassador LINOWITZ. First, we are not paying the Panamanians to take over the canal.

Mr. HUBBARD. It seems that way; you would agree?

Ambassador LINOWITZ. It is important to recognize that we are going to be operating the canal until the year 2000. We are going to be paying Panama an annual payment during the time we are running the canal, so we are not paying Panama to take over the canal. That is an important fact to make clear, and I am glad you gave me that opportunity.

Mr. HUBBARD. In my opening statement, I mentioned my concern about the terms of a separate treaty whereby the United States will guarantee the neutrality of the canal and its free access to all the world's shipping, even after the year 2000.

I understand the United States is not restricted from intervening militarily after the year 2000. Does this mean that the United States will have an affirmative right under international law to intervene, and should we intervene, would the United States risk international repudiation if other nations were to disagree with the decision of our Government to intervene?

Ambassador LINOWITZ. It would not be appropriate at this time for us to talk about the precise language. When the treaty is put into official form, you will have adequate opportunity to examine it.

Mr. HUBBARD. The treaty has not been finalized?

Ambassador LINOWITZ. It has not been finally drafted. We are now engaged in the very difficult, yet necessary, role of putting every single word down the way it should be in two languages and three documents.

Mr. HUBBARD. But you would try to protect our right under international law to intervene, in the wording?

Ambassador LINOWITZ. We will not use the words "intervene" or "intervention", I can guarantee you.

The CHAIRMAN. The gentleman's time has expired.

Mr. McCloskey?

Mr. MCCLOSKEY. Ambassador Bunker and Ambassador Linowitz, I would like to join in the commendation of your work.

I note in the August 22nd issue of Newsweek magazine that your opponent across the negotiating table, General Torrijos, said, "I have never in my life dealt with people as hard as Ambassadors Linowitz and Bunker. They fought for 1440 square kilometers of the zone like the Russians fought for Leningrad. We literally fought for every house in the Zone." I think that is possibly the best testimonial that you did your very best in the interest of the United States.

Mr. Hansell, you raised a point in your testimony that goes to the very heart of the relationship between the two branches of government. I have a message I would like to have you convey back to the Secretary of State.

To me the beauty of the particular form of government we have lies in the restraint in the various branches of government from claiming complete power in their relationships with other branches.

You have pointed out the very real constitutional questions of the House of Representatives' involvement in a matter of ongoing negotiations in foreign policy. This relationship between the branches of government, I think, requires candor and trust on both sides.

I am compelled to say to you that what was less than three weeks ago, that an Assistant Secretary of State refused to testify before this committee at the request of the minority, not on a matter of international treaty negotiations but on a piece of domestic legislation, the cargo preference bill. Now the refusal of the Assistant Secretary of State to come down here and testify that Friday afternoon makes it difficult for those of us on the minority who expect candid testify to consider your testimony today with the same dignity and care that we might otherwise have given. It is hard for me to understand why legal counsel for the Secretary of State can testify on Panama Canal negotiations but refuses to testify as to the validity of treaties of commerce, navigation and friendship we have with our allies.

I make that point because in the delicate days that lie ahead, I am going to bear that very seriously in mind when we consider the validity of State Department opinion. I really see no reason any longer for the Assistant Secretary of State or the Secretary to refuse to come before this committee to give an opinion as you have given today on the validity of the Constitution. If we can't get fair testimony from you as to whether the impending cargo preference legislation violates international treaties or not, it is difficult to consider this testimony today with the seriousness which I think it deserves.

Ambassador Bunker, Ambassador Linowitz points out that our sole question should be the security interests of the United States. It was my understanding in the previous testimony that we had before us by your military associates that literally the greatest threat to the security of continued U.S. use of the canal would lie in

the continuing rancor that is felt not only by Panamanians but also by Latin Americans in general against what they perceive to be a continued imperialism on the part of the United States, dating from a bygone age at a time when we and most of the other colonial nations in the world have abandoned occupation outside our continental limits.

Can yo comment briefly on the question as to whether or not if we insisted to retain sovereignty over this canal that there is any possible way that our military forces could defend the canal and its operations against determined sabotage by, say, 13 Marines trained in demolitions or by the skipper of a neutral ship who chose to blow his ship up while passing through the canal?

Ambassador BUNKER. I think it would be very difficult to defend the canal under those conditions. It is vulnerable to sabotage.

The problem is to keep the canal open and running.

I would like General Dolvin to comment.

General DOLVIN. I would only like to add, Mr. McCloskey—and you know I have said this before—that it is not a question of whether or not you can defend the canal but whether you can defend it and at the same time insure its operation.

That canal is very vulnerable, not only from a defense standpoint but also from shipping through it.

Mr. MCCLOSKEY. Let me be specific, if I can. You have presently a brigade and reinforcing air support guarding the canal. Let me use a marine demolition squad. Isn't it a fact that they could work their way through despite the defense we have in place?

General DOLVIN. It is certainly very difficult to defend. It is difficult to say you could not put enough forces in, I suppose, to take rather drastic action.

I think the answer to your question is that we are not prepared against that type of sabotage.

Mr. MCCLOSKEY. Our Chairman, who won the Distinguished Service Cross in Korea as leader of the Second Platoon, I am sure would have no problem with defending that.

The CHAIRMAN. The time of the gentleman has expired.

I might say that the Weathermen succeeded in blowing up the Senate side of the capitol and we did not use that as an excuse to give it away.

Mr. Oberstar?

Mr. OBERSTAR. Thank you very much, Mr. Chairman.

The presentation, Mr. Ambassador, left uncertain in my mind what the arrangement will be between the United States and Panama after the year 2000. At that point, when the Canal Zone becomes fully Panamanian property, is a payment to be made to the United States, or is that something yet to be worked out?

Ambassador LINOWITZ. No payment will be made.

Mr. OBERSTAR. Is the threat of terrorist attack lessened by this treaty, as seems to be the thrust of your testimony, and if so, how?

Ambassador BUNKER. We believe the threat is lessened by this treaty. We believe that the best assurance of keeping the canal open and operating is through a partnership operation with Panama. It is in the interest of both of us to keep the canal open, secure, efficient, and operating on a nondiscriminatory basis.

Mr. OBERSTAR. Is there now any real threat of terrorist attack from Panamanian nationals?

Ambassador BUNKER. If you mean have there been any direct threats, no, there have not. The negotiation of the treaty opens the questions of whether there will be disorders or problems. We have to deal with it at that time.

I would like General Dolvin to respond to that.

General DOLVIN. If I could respond, Mr. Oberstar, to the specific question I believe you asked as to how the Defense Department feels in regard to increased security on the treaty arrangement, that has two components in the defense of the canal, internal security of the canal.

Under the current treaty at the present time it is the responsibility of the Canal Zone to police, and if that fails, of course, it is ithe responsibility of the military to help them out on call.

Under the new arrangement, we would foresee a combined defense wherein Panama, having worked out this relationship with us and being interested in that canal remaining open and free, also would look after the internal security, and being on the spot it is our judgment that they can do that better than we could, while we could look after the external security. We are not excluded from internal security but the combined relationship in the judgment of the Joint Chiefs, the combined is better than if we were doing it alone.

Mr. OBERSTAR. I believe it is the position of the administration that so long as we do not conclude a new arrangement with Panama, the canal remains vulnerable to extremist attack from Panamanian nationals and that the best thing we can do for the security of the canal is to conclude an agreement which will make it as much in Panama's interest to protect the canal as it is ours. I think that is what you have achieved in this treaty, and I compliment you for that achievement.

I think there is a greater national interest, and that is the effect of this negotiation upon our relations with Central and South America and our other neighbors in the Caribbean.

I would like you to expand a little on that and what you think—either Ambassador Linowitz or Ambassador Bunker—will be the effect of the successful negotiation upon our relationships with Latin American countries.

Ambassador LINOWITZ. May I say the one issue which is high on the agenda of every Latin American country is the Panama Canal. It is the one issue on which other countries in the hemisphere have made common cause. Without a resolution of the Panama Canal issue, we cannot embark on a satisfactory and encouraging policy with Latin America.

When Mrs. Carter was on her trip to Latin American countries, one of the first questions the presidents of those countries asked her was, what was going to happen in the Panama Canal situation. If we resolve this issue to be fair, decent and honorable in a manner that befits us, then we are going to open up a whole new basis for establishing relationships throughout the hemisphere. If we do not, then we are setting back our realtionships, and I think possibly ushering in a period of real difficulty in our relationships with Latin America.

Mr. OBERSTAR. I concur with that. I may be a minority view on that point on this committee, as has been made apparent by the previous statements. I do think the larger issue of the role of U.S. diplomacy in Latin American is at stake here; it is really not the property of the Panama Canal Zone that is the subject of these negotiations but, rather, the relationship which the United States shall have with its neighbors to the south on the basis of equality of sovereign nations or in the role of a territorial power.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Snyder?

Mr. SNYDER. Thank you, Mr. Chairman.

Ambassador Bunker or Linowitz, I have here an Associated Press story published in the Annapolis Maryland *Evening Capital* for August 12th, entitled "Carter Spends Day Studying Canal Pact." He said the United States "can help, along with Panama, to guarantee the neutrality of the canal in perpetuity, its openness to international shipping, and in time of danger to our own country, with our own warships being given expedited passage."

Is the word "perpetuity" that appears in the President's quote the same thing as you two have been referring to as "indefinite" and "permanent" in your statement?

Ambassador LINOWITZ. The word does not appear in the treaty.

Mr. SNYDER. Which word?

Ambassador LINOWITZ. Perpetuity.

Mr. SNYDER. Is the President wrong in that? Do you mean "perpetuity" when you say "indefinite" and "permanent" in your statement today?

Ambassador LINOWITZ. I mean indefinite. On the record we will not go into further discussion on that point.

Mr. SNYDER. Well, does the neutrality that you refer to in your statement today mean that warships of an enemy at war with the United States could pass through the canal?

Ambassador LINOWITZ. Again, you are getting into specific provisions of the treaty which will have to wait until the treaty is ready.

Mr. SNYDER. Does it mean warshps of an enemy of the United States not yet at war can cross through the canal?

Ambassador LINOWITZ. Mr. Congressman, you are asking these questions and I cannot address them in open session.

Mr. SNYDER. What does the term "regime of neutrality" that you refer to, mean?

Ambassador LINOWITZ. We are talking about keeping the canal open, accessible, secure and efficient.

Mr. SNYDER. That is all it means?

Ambassador LINOWITZ. That is what it means, sir.

Mr. SNYDER. The State Department fact sheet, page 3, states, "Panama will assume general territorial jurisdiction over the present Canal Zone at the Treaty's start." Does that take place immediately upon ratification by the President, with the advice and consent of the Senate, or after various kinds of legislation that your counsel said we are going to have to adopt to implement the treaty?

Ambassador LINOWITZ. Would you plese tell me where you are reading from?

Mr. SNYDER. The fact sheet, on page 3.

Ambassador LINOWITZ. Territorial jurisdiction would not require implementing legislation.

Mr. SNYDER. So that will take place immediately upon the ratification of the treaty by the President with the advice and consent of the Senate?

Ambassador LINOWITZ. Yes, sir.

Mr. SNYDER. Does that language mean that the Guardia Nacional would be able to move into the Zone at that time, that is, Torrijos' army?

Ambassador LINOWITZ. The United States has the primary responsibility for the defense of the canal under the terms of the treaty.

Mr. SNYDER. We are not talking about defense; we are talking about police. That is his police force.

Ambassador LINOWITZ. I am saying that any force that comes into the canal comes in with the knowledge that the primary responsibility is that of the United States and we are in that position.

Mr. SNYDER. Who will do the policing of the canal, not the defense?

Ambassador LINOWITZ. We are now getting into the terms of the treaty which I don't think we ought to discuss.

Mr. SNYDER. The State Department fact sheet dated August 15: "At the treaty's end, our military presence will cease." I take it that means at the year 2000?

Ambassador LINOWITZ. Yes.

Mr. SNYDER. You go ahead and indicate that we will be involved in the defense of the canal along with Panama after the year 2000; is that correct?

Ambassador LINOWITZ. In the defense of the neutrality.

Mr. SNYDER. We will maintain its neutrality after year 2000?

Ambassador LINOWITZ. Yes, sir.

Mr. SNYDER. If we have a problem with the leadership down there in violation of the treaty, which they have done in times past, might not we be involved in another Normandy-type landing?

Ambassador LINOWITZ. It would not be appropriate for us to discuss this in open session.

Mr. SNYDER. You wouldn't want to pass judgment, then, on whether it might be a Bay of Pigs instead of Normandy?

Will you tell me how the U.S. military forces can take quick and effective action coming in over the beaches after the year 2000 to maintain the neutrality of the Canal without a secured air field down there?

Ambassador LINOWITZ. I don't think we can discuss that.

Mr. SNYDER. Mr. Ambassador, please spell out for us precisely how you used the State Department findings, as to the environmental aspect and impact of the new treaty proposals as a guide to your decisions as you proceeded throughout the negotiations with Panama?

Ambassador LINOWITZ. Mr. Wyrough may be able to answer that.

Mr. WYROUGH. We have a review of the environmental impact of the proposed treaty underway. It is not yet completed. I think we can say that among the articles we expect to have in the treaty will

be one concerning the environment which both countries move to protect.

Mr. SNYDER. Sir, if the environmental study is underway, how did it serve as guidelines for the treaty as required by the National Environmental Policy Act of 1969?

Mr. WYROUGH. I can only say to you that we have a review of the environmental questions underway. That review is not yet completed.

Mr. SNYDER. So you didn't follow your own State Department guidelines or the Environmental Policy Act of 1969? Is that inappropriate at this time?

Mr. WYROUGH. I have no further comment other than what I have made.

The CHAIRMAN. The time of the gentleman has expired.

Mr. Hughes?

Mr. HUGHES. Thank you, Mr. Chairman. I would like to defer my questioning at this time.

The CHAIRMAN. Ms. Mikulski.

Ms. MIKULSKI. Thank you, Mr. Chairman. I would like to come back to a very fundamental question where we talk about maintaining the neutrality of the Canal. How do you see that neutrality being maintained?

Ambassador LINOWITZ. You mean specifically?

Ms. MIKULSKI. Yes, specifically. Everybody says the Canal is going to be a neutral territory. How will that be maintained? Since we are going to assume the responsibilities for maintaining the neutrality, how are we going to do it?

Ambassador LINOWITZ. The U.S. and Panama will have responsibility for maintaining the neutrality of the Canal. We will be in a position to undertake whatever is necessary to assure that neutrality is maintained.

Ms. MIKULSKI. What does "undertaking whatever is necessary" mean?

Ambassador LINOWITZ. I don't think in this open session I should go into that.

Ms. MIKULSKI. If we were in a closed session, is there, in fact, a plan that exists for maintaining the neutrality of the Canal?

Ambassador LINOWITZ. There is no planned involvement.

Ms. MIKULSKI. You said you can't say anything because we are in open session. If we were in closed session, could you answer my question? Could you then be specific and outline for me what you deem the criteria for whatever is necessary to maintain the neutrality of the Canal?

Ambassador LINOWITZ. The treaty will not spell out specifically criteria for us to use. It will give us the authority to do what we think necessary.

Ms. MIKULSKI. Well, the treaty might give you the authority, but I am interested in the ways and means by which that will be accomplished. Did you in your discussion with the President of the U.S. say to him, "Jimmy, this is the way we could maintain the neutrality of the Canal"?

Ambassador LINOWITZ. I never call the President Jimmy.

Ms. MIKULSKI. Well, I have.

Did you say, "Mr. President," is there a plan?

Ambassador LINOWITZ. There was discussion about ways of assuring that the neutrality of the Canal would be maintained involving the Department of Defense, Joint Chiefs and the negotiator.

Ms. MIKULSKI. I see. It would seem that the success of this treaty or plan, will be based on our good relationship with Panama.

In your estimate, how secure is the current regime in Panama? Is there an indication that that government is stable and would be the the type of government that we would be dealing with in 1999?

Ambassador BUNKER. I think it is safe to say it is more stable than any government that has existed in Panama since it became an independent country. Torrijos has been in power since 1968. His term under the constitution expires next year when there will be an election for a successor. The country has been stable under his government. It has been more stable than any government so far.

Ms. MIKULSKI. If his term expires in 1978, Ambassador Bunker, I am sure that we have some intelligence on the current political climate for post-Torrijos. What would you say that is? Would you say it seems to be a secure democracy? Do you think it will border on authoritarianism, either from the right or the left? What indications do we have?

Ambassador BUNKER. It is not a democracy in our terms. It is authoritarian in many ways. There is participation, however, under the constitution by the National Assembly, 505 members who are locally elected. There are guarantees of civil liberties and the usual guarantees of rights of liberties of the citizens. The press is relatively free, although it is a guided press, certainly. But, in general, I would say that the government has been, since 1968, since Torrijos took over, very stable.

Ms. MIKULSKI. You know when you do a treaty the two lines are, you do your part and I will do my part, meaning the other government. Do you really feel secure with making this type of arrangement with the Panamanian Government? Because many of my constituents say, can we really trust them? I am not taking a position one way or the other. I am seeking your advice. You make a treaty with France. France has been around a long time. England has been around a long time. If you make a treaty with Panama, you are talking about 1968, which is the current stable government, and the question becomes, then, can we really be assured that they will do their part and act in good faith on this. What preparations, if they do not, do we have, if they abrogate the treaty? Do we say we will take it back?

Ambassador LINOWITZ. May I say several things in answer to that?

Ms. MIKULSKI. Certainly.

Ambassador LINOWITZ. What General Torrijos has been asserting has been asserted since 1903 by presidents of Panama. The demand that the sovereignty be recognized, that something be done about what it regards as an unfair, unwelcome intrusion into the country, and therefore what he is asserting now has been asserted, and I daresay if we did not have a treaty, his successor would be asserting.

Secondly, Panama has respected every treaty it has entered into, so far as we know. This Canal treaty has been a bone in their throat, to use their words, for years, and they nonetheless have respected it.

The third is this treaty would be subjected to plebiscite, so the people have to put their approval on the treaty. Under those arrangements there is some reason for confidence if the treaty is approved and entered into in good faith that it will be respected.

Ms. MIKULSKI. Thank you. That was helpful.

The CHAIRMAN. Mr. Bauman.

Mr. BAUMAN. I want to pursue my colleague's questioning about the reliability of the regime with which we are negotiating. First, I want to ask one question. I believe, Ambassador Linowitz, you told us the single most important issue in the Caribbean and Latin America today, at the top of the agenda of every government in that area, is the Panama Canal. Would you not perhaps amend that to say the threat of Castro and Communism might be co-equal with this problem?

Ambassador LINOWITZ. I didn't say the very top. I said at the top. High on the agenda of every country.

Mr. BAUMAN. I appreciate that answer. Sometimes we do lose perspective, and I was under the impression that Castro and the Communist activity in the area are more of a threat than the U.S. control of the canal.

Ambassador LINOWITZ. What I meant by that, perhaps to clarify, is that there are countries which take a different view with respect to Mr. Castro, but no matter what position they take of Mr. Castro, they are together on the fact that a new Panama Canal treaty must be brought into play. Whether you are talking about Chile or Argentina or Venezuela, or Mexico, wherever you find this, it is an item on which they have a common cause.

Mr. BAUMAN. I would think that most impartial observers of Latin American affairs over the last decade would say the reason they have this unanimity of view regarding the Canal is the manifest weakness demonstrated by this administration and the past administrations in dealing with Castro, the refusal to face up to the Communist threat in the area. The only reason you are here today testifying, in my view, is the failure of our policy in Latin America to fight Communism. I want to put this before you. Earlier I mentioned the fact that we have seen in July the visitation of a Soviet trade delegation to Panama, headed by one of their chief negotiators in Latin America. The Soviets are proposing wholesale economic aid, buying at an enormously inflated price the surplus Panamanian sugar crop, proposing the establishment of factories and power plants and banking facilities on the part of the Soviets. What is to prevent Torrijos, six months or six minutes after the ratification of this treaty, from signing agreements with the Soviet Union and bringing into Panama the Soviet presence, which obviously the Russians badly want.

Ambassador LINOWITZ. I think Ambassador Bunker has comments on that.

Ambassador BUNKER. There was a Soviet trade delegation there in mid-July who did discuss various projects, as I understand it,

with the Panamanians, various things like electric plants, sugar mills, and so forth, but apparently this was largely a discussion and nothing came out of it. The only substantial result of the Russian visit was agreement to exchange resident trade representatives.

As you know, Panama has no diplomatic relations with Russia.

Mr. BAUMAN. They hardly need that when the Cuban Embassy has 225 people in Panama, one of the most enormous staffs, I would suggest.

Ambassador BUNKER. The Cuban delegation is well monitored by the Panamanians, I daresay.

Mr. BAUMAN. I take that to be some sort of an answer.

When we were discussing the stability of regimes, Mr. Linowitz commented that every Panamanian president since 1903 has taken the same position. I think the number is 57 presidents; I would inform my colleague from Maryland, and I, too, am concerned about the stability of the present regime. If I am not mistaken, Mr. Torrijos may well be subject to election under the constitution, but I am informed that the constitution names him as president for life within that document, itself; is that not correct? That is a little less than democratic, wouldn't you say?

Ambassador BUNKER. Yes, that is correct.

Mr. BAUMAN. Not only would we have to have an election, I would say to my colleague, we have to amend the Panamanian constitution to get him out of office.

The CHAIRMAN. Would you yield?

Mr. BAUMAN. Yes.

The CHAIRMAN. On the question of plebiscite, there is a totally government-controlled press in Panama. Of course, it has always been a source of concern to this committee as to how you can have a plebiscite in a country that has no free press—a totally controlled press, and I think you have made that point very, very strongly.

Mr. BAUMAN. Just in closing, I would like to get a comment from any of you gentlemen on a brief remark I will quote, made by Romulo Escobar Bethancourt, the chief negotiator on the Panamanian side. In a speech on the 12th of August in Panama City, before the student group there he said; "We have obtained the regulation of U.S. defense sites in the Republic of Panama in the face of the anarchy and absolute authority which they possess to install them when, where, and how they see fit in the Canal Zone. We have obtained the elimination of the Canal Zone as a jurisdictional entity of the U.S. Government three years after this treaty is implemented. This, in our opinion, constitutes the basic aspect of these negotiations. This constitutes a revolutionary step in the face of the existing treaty with the United States."

Is he correct in what he is saying here; that, in effect, the Panamanians view this as complete or nearly complete surrender of the American position? You understand he was talking to a radical student group, trying to impress them.

Ambassador LINOWITZ. You well know, speaking in Panama about an arrangement that poses some very difficult problems for the Government of Panama that incorporates some terms that publicly they have said they would never accept, it becomes necessary to put the best face and the most agreeable provisions forward.

That should not surprise you, sir, any more than it would in any other country, and the fact is, and I think this is quite clear, and he has said so, they anticipate a difficult time getting the requisite plebiscite approval for this treaty. I would not be surprised at Ambassador Escobar saying things that don't perhaps always gibe with what we say here.

Mr. BAUMAN. I am not surprised at Ambassador Escobar's statement, either. I wish the candor of our representatives in public matched his, because I think the questions that have been put to you today deserve to be answered. We didn't start this publicity match. The White House did. If you have a treaty, you should have the guts to lay it on the table so the American people can make a judgment. This fight is going to go on for a long time.

Ambassador LINOWITZ. You haven't been willing to wait until it is laid on the table.

Mr. BAUMAN. You chose the weapons. If publicity is to be it, you ought to be willing to tell us what it was President Carter asked me to endorse the other day when he sent the telegram, and what Gerry Ford got "snookered" into in Colorado the other day. If you can't tell us the treaty's terms in public, the treaty isn't worth a damn, in my opinion.

The CHAIRMAN. Do you wish to respond?

Ambassador LINOWITZ. No, sir.

The CHAIRMAN. Mr. Hughes.

Mr. HUGHES. Thank you. I would like to follow up briefly on the line of questioning by my colleague from Maryland. I gather from what you have said and what we have read in the press and what I otherwise know about the issue, that the Panamanians really are very unhappy even with the principles of accord that we now have some broad parameters and some idea about.

What leads you to believe that the treaty that you have negotiated really is going to be satisfactory to the Panamanians or that five or ten years from now, we are not going to find they desire some further modification. I direct that to either Ambassador Bunker or Linowitz.

Ambassador LINOWITZ. In the first place, I tried to indicate before, Panama has had a history of abiding by treaties reached and agreements reached, but let me say very simply, a treaty is a two-way street. If one party for the treaty undertakes to abrogate it, that at least raises the question as to how far the other is committed to live with the terms of the treaty. Remember, at the end of that treaty comes turning over operation of the Canal. Therefore, this would be in jeopardy or difficulty if Panama did not adhere to the terms of the treaty.

Mr. HUGHES. Obviously one of the concerns that we have as a nation is how we are perceived by our Latin American neighbors. What reaction have we had from our Latin American neighbors to the articles of agreement?

Ambassador LINOWITZ. Uniformally approving, I would say. You may recall that before the final session we had in Panama, General Torrijos met in Bogota with the presidents of the democratic countries, Colombia, Venezuela, Mexico, Costa Rica, and Jamaica, and they hammered out what proved to be the Panamanian position

presented to us when we got to Panama, so that the democracies of Latin America have been closely involved with Panama in the whole negotiation.

When President Carter came into office, I think there were seven or eight presidents of other Latin American countries who wrote him a joint letter, telling him this was the first item to deal with in the hemisphere. In short, there has been a clear indication that the countries of Latin America regard this as important and that they approve.

Mr. HUBBARD. Will you yield for a second?

Mr. HUGHES. I would be happy to yield briefly.

Mr. HUBBARD. Thank you to my colleague from New Jersey for yielding at this point.

Would you agree at the annual Organization of American States meeting in June a resolution was adopted in which 19 Latin American countries stipulated that the U.S. should raise the Canal toll charges only if it is needed for the operation of the waterway and this resolution was telling the U.S. that Latin America would frown on raising the toll charges if used to increase the annuity paid to Panama? Your fixed share of tolls is part of the treaty proposal, and this would yield $40-50 million a year to Panama, where they are getting $2 million now.

How could our Latin American neighbors be that much in favor of this if it is going to cost them so much more?

Ambassador LINOWITZ. I think it is very significant that recognizing it is going to cost them more, they still endorse the treaty. Recognizing tolls will have to be increased, they think it is a good idea. They believe what is at stake here is so important they still want this treaty approved.

Mr. HUGHES. Mr. Ambassador, I find it very difficult, first of all, to believe that as long as there are any Americans present or the possibility of our presence in Panama exists, that we are not going to have a real potential for unrest and discord. I am looking at the bottom of page 3 of your statement, where you make the statement, "In short, the neutrality treaty will provide a firm foundation for assuring our long-term interest in the maintenance of an open, accessible, secure, efficient canal is preserved."

Well, one of the things that suggests such potential to me is, first of all, that we are going to be looking at how the Canal is operated economically. I don't know how you can otherwise read the term "efficient." And I find it very difficult to believe that we are going to have any amount of widespread satisfaction with Panama over a treaty where we are still going to be in a position of making certain that the canal is open, accessible, secure and efficient.

Doesn't that suggest to you that we are going to be overseeing the manner in which Panama operates the Canal? Is that not what you are suggesting by the term "efficient"?

Ambassador LINOWITZ. I hesitate to go beyond what I have said, because we have dealt with it, we are dealing with it, in the treaty in a way which is acceptable to the Panamanians, and which I think answers your question in general language but clearly.

Mr. HUGHES. Let me ask you another question. I have read with a great deal of interest our committments to Panama should we

consider building a sea level canal. Is there some substance to the media reports?

Ambassador LINOWITZ. Well, we have in this treaty an arrangement whereby Panama and the U.S. jointly will explore the feasibility and necessity of having a sea-level canal.

Mr. HUGHES. Why in the world would I, as a Member of Congress, or any Member of Congress, be interested in providing additional resources to build another canal in a country that doesn't want us now? That seems illogical to me.

Ambassador LINOWITZ. Then we don't do it. It depends on whether we want a canal in Panama. If we want one, we thought it would be fine to have an understanding in the treaty that we can do something about it.

Mr. HUGHES. It seems to me that what we should be doing is perhaps upgrading—if our canal is insufficient—the present canal instead of building another one?

Ambassador LINOWITZ. You are saying we are better off without the option?

Mr. HUGHES. I am saying to you, I hear so many conflicting reports, among them being that we don't need the Canal because the vessels in the years ahead won't be able to use it. And then I hear perhaps we will need a sea level canal. Then we hear our National needs have changed so radically, that such a canal is strategically unimportant.

Ambassador LINOWITZ. Mr. Congressman, I must have been confused. We have the option as to whether we do or do not go ahead with building a sea-level canal. What we are saying, and for this I think we deserve some compliment rather than otherwise, we have brought back in this arrangement an undertaking on the part of Panama to join with us in exploring the feasibility and necessity of such a canal, and if we jointly decide it is a good idea, to negotiate terms and conditions.

Mr. HUGHES. You don't see any basic difficulty with the fact that the Panamanians don't want us now, and yet we talk about joining with them in another venture?

Ambassador LINOWITZ. Under the new treaty they will want to deal with us. That is exactly the point. We are getting Panamanian cooperation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. Dornan?

Mr. DORNAN. Ambassador Bunker, do you know who Senor Huber Matos is?

Ambassador BUNKER. No, I don't.

Ambassador LINOWITZ. No.

Mr. DORNAN. For the first time, he was exposed to this country coast-to-coast on an NBC show called "Weekend." He was Castro's key lieutenant that pulled Castro's revolution out of the fire when he was about to go down—a school teacher who flew in, himself, in a C-47, the necessary small arms and ammunition to save Castro's revolution.

That man is now naked, blind, and in solitary confinement in a cell, with the windows sealed off with concrete blocks, and dying in a cell in Cuba. That was his reward for suggesting that Castro should not turn his revolution into a Communist one.

This man's son, Huber Matos, Jr., was gunned down in the streets of Costa Rica a few months ago and is still in the hospital.

But even Castro did not use the type of inflammatory Marxist, Lenist rhetoric as this General Torrijos does today when he was still loyal to Mr. Huber Matos.

Mr. Bunker, it says in this August 22 Newsweek issue that Congressman McCloskey alluded to, that you said these are the most complex negotiations in which you have ever been involved. And in the exact piece Mr. McCloskey quoted from, there are five references to potential bloodshed and violence on the part of General Torrijos. He says, we paid a price for liberation. He said that through a war we would have reached our objective much sooner because guerrillas achieve liberation in a shorter time. As he is saying this, according to the reporter, he is puffing on cigars given to him by Castro. He says the Panamanians, are the only ones who can destroy the canal. That is absurd. Any guerrilla group around the world can destroy it. According to Mr. McCloskey a rifle platoon can destroy it.

He said if we have to wait two more years, I don't think the Canal would have been functional. Again, a threat it would have been destroyed.

Could I ask you please to be candid, Mr. Ambassador? Were these the most complex negotiations you have ever been involved in, because you were constantly dealing with implied, veiled, or blatant threats of violence if you failed in your pursuits?

Ambassador BUNKER. No, Mr. Congressman, that has nothing to do with our negotiations. They were never made to us, certainly. We were negotiating because this has been the policy of four administrations to negotiate a treaty with Panama over the Canal. This is what we have been trying to do, and it has been going on, as you know, for 13 years. Threats had no part in the negotiations.

Mr. DORNAN. Since the New York Times, Jack Paar, and countless Congressmen and Senators were taken for a tragic ride by Mr. Castro, in the first year of his revolution, when he used less inflammatory dialogue than General Torrijos, isn't it possible in spite of our best efforts and Ambassador Linowitz' best efforts and the efforts of four Presidents that General Torrijos could shift violently to the left. Couldnt' he lick the boots of the Soviet Union, within weeks after the terms of the treaty have gone down on paper, have been approved by plebiscites, ratified by the Senate, approved by this committee and the House in session, and if all of this takes place, which I believe is remote, isn't it possible this man could violently lunge to the left to aggrandize himself on an ego trip the way Castro has?

Ambassador BUNKER. I think it would be in the interest of Mr. Torrijos and Panama to be in a partnership arrangement with the U.S. I think that is the best security that we can have, the best assurance that the Canal will be kept open and efficient and neutral.

Mr. DORNAN. But would Castro have the peculiar place in history he does shipping troops around the world to murder people pell-mell in other continents if he had not decided to align hmself on an ego trip with the Soviets rather than the U.S.?

Ambassador BUNKER. I think Torrijos' judgment, the judgment of Panama, will be that working with the U.S. is going to be much more profitable for them than to try to branch out in some unknown sphere of interest. They have repeatedly said to us that they have with us a special relationship which they appreciate, which they value, and it is because of this that we are working out this partnership arrangement with them.

Mr. DORNAN. As I told you and Mr. Linowitz, in the Zone, there are some Americans, I among them, who would not mind seeing a new treaty negotiated with the Panamanian people if they had a responsible form of governmment rather than a one-man dictatorship. We all know we do not live in the universal period of brotherly love but in a period of new nationalism. Is Great Britain still a great nation because it refuses to give up Gibraltar? Is Russia great because it refuses to give up Latvia?

Let me ask you this: Are you still on the payroll—and I don't mean this in a disrespectful way—on the payroll of the State Department?

Ambassador LINOWITZ. I have served without compensation.

Mr. DORNAN. Newsweek says a bare six hours before your official tenure was up, you walked downstairs without blood on your hands, but exhausted, with a set of verbal agreements which would lead to a treaty. What is your status now?

Ambassador LINOWITZ. As dramatic as that sounds, I did not walk down the stairs. Our Panamanian colleagues, because of the keen interest throughout Latin America, said they wanted to announce an agreement had been reached. It was their decision to make that announcement on that day.

Mr. DORNAN. Then you are saying that your impending termination, quite frankly, had absolutely nothing to do with their decision to move quickly?

Ambassador LINOWITZ. Let me say to you that when it was reached, they said with a smile, "We are going to give you a present on your last day." That is the only reference there was to it in the course of these negotiations.

Mr. DORNAN. What is your legal status now?

Ambassador LINOWITZ. Let me finish the story.

We joined Ambassador Bunker and Escobar in announcing the agreements had been reached. At that point we could have done one or two things. We could have said that when the treaty is signed with everything in exactly the right verbiage it will be released and told to the American people then, or we could have said we are going to disclose as soon as possible so the American people can know every single substantive thing in that treaty. That is the course we chose, in the interest of full disclosure at the moment.

My status now is that I am an adviser to the delegation.

Mr. DORNAN. Although you have gone beyond your six months' tenure which precluded Senate confirmation, you now enter a new title or role, probably in another six-month period, again abrogating any Senate requirement to approve your tenure as an adviser to the delegation. You are no longer an ambassador?

The CHAIRMAN. The gentleman will respond.

Ambassador LINOWITZ. Yes. I don't have the same ambassadorial title I carried from President Carter by virtue of the special appointment, by the way, the traditional and frequent appointment of special representative; but my friends do know that I once was an ambassador and still call me ambassador.

The CHAIRMAN. Mr. Trible?

Mr. TRIBLE. Gentlemen, in the Time magazine edition of August 22, the Torrijos regime was described "making a good treaty his a major issue, he abolished political parties, drove opponents into exile and saw his once prosperous economy falter." Is that an accurate statement of the situation?

Ambassador BUNKER. I couldn't hear the question, sir.

Mr. TRIBLE. I quote from the most recent issue of Time magazine: "Making a new treaty his major issue, Torrijos abolished political parties, seized control of the press, drove opponents into exile and saw his once prosperous economy falter." Is that an accurate description of the situation in Panama today?

Ambassador LINOWITZ. Once more, and a little louder.

Mr. TRIBLE. I will be happy to send it down if that would help, but I will read it again. The quotation is as follows: "Making a new treasty his major issue, he—Torrijos—abolished political parties, seized control of the press, drove his opponents into exile and saw his once prosperous economy falter."

Again, my question to you gentlemen is simply this: Is that an accurate statement of the situation in Panama today?

Ambassador BUNKER. When Torrijos took power, he did exile some people, yes. That is quite true. Most of those have been brought back now. Recently he brought back 100 exiles. There have been some violations of human rights in Panma, but Amnesty International, for example, reported that most of these took place before 1970 when Torrijos was consolidating his power' and in the report which our Government sent to the Congress this spring, the statement was made that there was no evidence of systematic violation of human rights in Panama.

Mr. TRIBLE. I don't believe that your response was fully responsive, Mr. Ambassador, but let me say for the record that if indeed the regime in Panama has abolished political parties, seized control of the press an driven opponents into exile, and if indeed they have a faltering economy, I question whether that is a responsible country for us to enter into serious agreements with.

Moving on, however, President Carter wrote to Members of the Congress and included with his letter announcing principles of agreement a short summary of the agreement in principle. There is a section entitled "New Sea-Level Canal". It says "The agreement envisions the possibility of building a new sea-level canal." You spoke to that briefly, but I wonder if you would expand on that concept and your understanding of that statement?

Ambassador LINOWITZ. It is a very simple provision. It says that the United States and Panama will together institute a study as to the necessity, feasibility of a sea-level canal. If that study indicates that it is necessary, then Panama and the United States will agree on the mutually acceptable terms and conditions by which that canal can be built in Panama.

Mr. TRIBLE. What we have done is simply reserved the right to discuss this matter in the future; is that in essence what we have done?

Ambassador LINOWITZ. A right to enter into a study arrangement and not make to it with any other country and at that time to decide whether we want to negotiate for a new canal.

Mr. TRIBLE. Let me address an additional matter, that is, with regard to the rights of U.S. employees.

In the fact sheet attached to the President's statement, the following language is employed: "All U.S. civilians employed at the canal can continue in the government jobs until retirement." However, in reading the fact statement included with the State Department letter, which I received from Douglas Bennett—it was addressed to Members of the Congress—the language is this: "Present employees of the Canal Company in the Canal Zone and Government may continue to work for the new agency until their retirement or until the termination of their employment for any other reason."

The langauge, "until the termination of their employment for any other reason" causes me some concern.

Which is it that will guide the future employment of those employees?

Ambassador LINOWITZ. Mr. Wyrough has worked on this and has also talked to the U.S. citizens in the zone.

Mr. WYROUGH. I don't believe the statements are inconsistent. It is the intention that the present employtees of the company and the Government can continue to work for the new organization until their retirement or termination for some other reason.

Now there are different reasons why that would not occur. If it were to occur that they cold no longer work for the new organization, then it would be the intention that they could continue to work for another U.S. Government agency, perhaps in Panama or perhaps someplace else, and indeed the Governor of the Canal Zone is issuing various statements to the employees which will indicate that the U.S. Government is prepared to offer them priority placement assistance for U.S. Government employees.

Mr. TRIBLE. The language ofers no security whatsoever to those civilians. Language: "until the termination of their employment for any other reason." The Republic of Panama or any other employer could terminate without reason those civilians; is that not correct?

Mr. WYROUGH. The intention is that the present employees will be allowed to continue for as long as possible. There is an intention but not a guarantee that they will not be terminated.

The CHAIRMAN. Will the gentleman yield?

Who would pay the vested pension of those people who have worked for the canal, say, for 25 or 30 years? Would it be the new entity that would pay those pensions?

Mr. WYROUGH. If an employee, be he Panamanian or U.S., who is currently employed by the company or the Government has earned retirement benefits under existing civil service rules, then he would be given the several choices that exist, an immediate cash settlement, a deferred annuity or a full pension. It would depend a great deal on the number of years he served.

The CHAIRMAN. What would be the source of the pension funds?

Mr. WYROUGH. It would come from the United States, from the source of any pension funds of the U.S. Government employee.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TRIBLE. You completed my question, Mr. Chairman. I appreciate that. I think that point needs to be made.

The CHAIRMAN. Mr. Hansell, I have a number of documents I am going to put in the record at this point. One is a study which John I. Killian at the Library of Congress did in 1969. Another one is a study by Kenneth Merrin, legislative attorney of the American Law Division, done for the Library of Congress, concerning the treaty power and congressional power in conflict, cessation of the United States' property rights in the Canal Zone and Panama, and the document which was the basis of my testimony before the U.S. Senate last month on this issue.

It brings together the former question that I pointed out to you, that in 1937, 1943 and 1957, all three instances, the Congress through resolution or legislation authorized the transfer of properties.

Now since congressional approval was responsible in those instances for the transfer of some properties in the Canal Zone, why do you contend now that you are going to transfer 65 percent of the Canal Zone over, and that no congressional approval is necessary?

Mr. HANSELL. Mr. Chairman, I do want to be clear that all we were addressing was the legal issue of whether or not the transfer could be made by treaty. No ultimate judgment has yet been made as to the form in which any or all of the property transfers would in fact be made as part of this package.

I am familiar with your testimony before Senator Allen's subcommittee, but I am not familiar with the other items that you referred to; but it was the legal issue of the treaty power that was addressed, both by Senator Allen's subcommittee and in the initial request from this committee; the question of how in fact it will be done is a matter, of course, yet to be determined.

There have been and will continue to be extensive congressional consultations which Mr. Beckel can describe in great detail. Consultations with the leadership of this body as well as the other body will take place before any ultimate determination is made as to which of the constitutional routes available would in fact be used.

The CHAIRMAN. I have not seen a press relese or news story that has referred to the jurisdiction of the House in this issue yet. I have been searching for them for about the past ten days in the national media.

Mr. BECKEL. Mr. Chairman, if I may comment on that briefly, we have begun discussions. We testified before the Allen subcommittee on separation of powers. Mr. Hansell gave a statement, as did you. We indicated then that we had not reached a definitive decision in the administration on transfers of land, water and property and how it would be done from a legislative standpoint. We reiterate that today. We are going to continue to consult with Members. We have spoken with Congressman Metcalfe, Congressman Wright, and we have sought the advice of Congressman O'Neill, Speaker of the House.

I would like to make one other point, if I may.

Mr. Bauman's question about bringing this treaty to the table—I handled the negotiations for this hearing today with your staff director, Mr. Perian, and also with his wife who works for you, and Terry Modglin of your staff. I indicated that the treaties had not been drafted and how difficult it would be for the ambassadors to testify in the absence of completed texts. They would have difficulty in answering questions in open session.

Regretably, your news release had gone out. You would not postpone the hearings. I did then also indicate that it was almost unprecedented for administration officials to appear prior to having a treaty in final form. I think that the ambassadors have come a very long way in being straightforward with you today.

I will say that I also indicated to your staff that the time restraints, particularly on Ambassador Bunker who is trying to finish the negotiations on this treaty, are very severe.

I would ask on behalf of the people at this table who have to get back to negotiations that we conclude as soon as possible so they can get back to that process. I asked that in discussions I had with Mr. Perian and members of your staff.

The CHAIRMAN. We will continue.

The Panamanian counsel in an article last week was quoted to the effect that the settlement that Ambassador Linowitz discussed earlier included $30 million to $35 million on a 30-cents per ton increase, plus $10 million more, and then an additional $10 million, if necessary. The Consul stated that no total increase in tolls was necessary. The reason he was making that statement was to take off the onus on Panama for an increase in canal operations cost. He was mindful, of course, of the Granada meeting of the Organization of American States that Mr. Hubbard referred to earlier, whereby in a 19 to 0 vote the OAS resolution on Granada said that only fixed costs should be included in toll revenue calculations.

Of course, here we have the Panamanian counsel making that statement. I think that, of course, if Uncle Sam is going to take the heat for the increases and Panama is not going to share some of that heat, as obviously they are not doing by reason of the consul's statement to one of the major trade papers which are read on a world basis, by people who use the canal, I wonder about the good faith indicated and whether or not there is unanimity in Latin America for the action that has been proposed.

Would you address yourself to that?

Ambassador LINOWITZ. Unanimity on what, sir?

The CHAIRMAN. On the question of the United States entering into this treaty that will in fact cause an increase in tolls, seriously affecting the economies of nations on the west coast of South America, particularly.

Ambassador LINOWITZ. As I indicated earlier, we know of no Latin American country that has anything but approval for this treaty. We recognize some of them will be affected if tolls are increased. I think they all know that we are seriously contemplating an increase in tolls but have not decided the extent or when it ought to be applied.

The CHAIRMAN. Mr. Hubbard?

Mr. HUBBARD. These questions will conclude my questions.

Again, I made an opening statement by expressing admiration for Ambassadors Linowitz and Bunker. I appreciate your being with us today to give us this information.

Whom did Dictator Torrijos appoint to be the chief negotiator for the Panamanians regarding this treaty?

Ambassador BUNKER. The most recent chief negotiator was Romulo Escobar Bethancourt. Of course, we have had other negotiators, the former foreign minister was the chief negotiator for a period of time. His successor as foreign minister has also been chief negotiator.

Mr. HUBBARD. Regarding Mr. Bethancourt, isn't it a definite fact that he is a close friend and confidant of Castro and one who has ultraleftist leanings?

Ambassador BUNKER. I have no knowlede that he is a close friend and confidant of Castro, no.

Mr. HUBBARD. Do you, Mr. Linowitz?

Ambassador LINOWITZ. I have no knowledge of that at all.

Mr. HUBBARD. Are you aware there were witnesses before the Senate Subcommittee on Separation of Powers who described him as having sympathetic Communist leanings and as a friend of Castro?

Ambassador LINOWITZ. No, but may I say, remember, you are asking these questions at a time when we are still concluding treaty negotiations. When you refer to General Torrijos as a dictator, when you make these assertions in public session, you are not being helpful to the conclusion of these negotiations.

The CHAIRMAN. If the gentleman would yield, in the March 16 session before this subcommittee, the same assertions were made.

Ambassador LINOWITZ. I regretted them then, too. That was in executive session, by the way.

The CHAIRMAN. It was in open session as well as closed.

Mr. SNYDER. I don't think anybody can deny that the Constitution says that the head of government shall be Omar Torrijos. You have elections, but he is the head of government and that is a dictatorship, pure and simple. If that is not helpful, I am sorry. To be honest with you, I am not wanting to help too much.

Is there any anticipated provision in the treaty for settling claims against the Government of Panama? I am talking about expropriated property. Did you deal with the subject at all?

Ambassador LINOWITZ. Do you mean in the future?

Mr. SNYDER. Property that has already been expropriated by the Government of Panama, American businesses, do you do anything to help them get their claims paid?

Ambassador BUNKER. I don't know of any outstanding problems. They settled with United Brands and I understand it was a fair arrangement. I don't know of any other problems.

Mr. SNYDER. Do you anticipate a treaty on that subject?

Ambassador LINOWITZ. If any company is expropriated under the treaty, it will be compensated for fair market value actually.

Mr. SNYDER. But if they are already expropriated, you don't deal with it?

Ambassador LINOWITZ. We don't know of any.

Mr. SNYDER. There have been several discussions about the possible new canal, that if Panama and the United States agree to it—I take it that you are familiar with the Atlantic-Pacific Interoceanic Study Commission and their final report submitted December 1, 1970, to the President of the United States?

Ambassador LINOWITZ. I am generally familiar with it. I have not studied it.

Mr. SNYDER. Let me read to you one of its conclusions, page 85: "In any arrangement for operation of a sea-level canal on route 10, it would be unacceptable for the present canal to pass to Panamanian control and be operated in competition with the sea-level canal."

If we give the present canal to Panama and build a sea-level canal there or elsewhere will we, under this treaty, allow the Panamanian Government to give competition for our new waterway?

Ambassador LINOWITZ. Mr. Snyder, you are talking about the most hypothetical situation, that if we decided the new sea-level canal makes sense we will then negotiate with the Panamanians if that is appropriate. We can't say that now.

Mr. SNYDER. But your fact sheet says "if they agree." Will this treaty keep us from doing that?

Ambassador LINOWITZ. We are talking about a canal that we might build in Panama. It only makes sense to say that Panama would agree if we were going to do that.

Mr. SNYDER. I believe Ambassador Bunker said a new canal company would operate the canal. Is that going to be a Defense Department agency?

Ambassador LINOWITZ. It will be a U.S. agency, probably under the Defense Department.

Mr. SNYDER. I have heard it is going to be a Department of Defense activity. Am I correct?

Ambassador LINOWITZ. I think it probably will be. It has not been finally determined.

Mr. SNYDER. That is not spelled out in the treaty?

Ambassador LINOWITZ. No.

Mr. SNYDER. Has that new body been agreed upon to be a bi-National commission of five to four members?

Ambassador LINOWITZ. Five Americans and four Panamanians.

Mr. SNYDER. Has it also been agreed that in 1990 that ratio would shift?

Ambassador LINOWITZ. No.

Mr. SNYDER. Is that incorrect information? Mr. Beckel, just to clear the curiosity out of my mind, that you managed Judge Hollenbach's campaign in 1975—it has nothing to do with this matter?

Mr. BECKEL. Yes. I am curious about you as well. You and I ran across each other on the campaign trail. May I say to the Chairman that I went to Wagner College in Staten Island, New York, his district.

Let me make one point about the questions being asked again, if I could. I did, in our discussions prior to this——

Mr. SNYDER. I don't want you badgering the Chairman on my time.

Mr. BECKEL. I am not badgering the Chairman at all, and if you would not badger the negotiatiors we would all be set. I wanted to reiterate our position on not making public statements when the treaty is not finally negotiated.

Mr. SNYDER. You made that decision when you came out in the newspapers, and now you are saying we want to tell you what provisions we want to tell you about, but we don't want to tell you about the provisions we don't want to tell you about.

Mr. BECKEL. I don't think that is accurate. You have seen in the paper a broad framework of principles around which the treaty will be drafted. That treaty has not been drafted. I made that very clear.

Mr. SNYDER. Why are you seeking support for something not even in writing? Why have you been going around the country seeking support for something not in writing?

Mr. BECKEL. We are generating support for what we hope and believe will be a decent treaty, and I'm sure that some people here are seeking opposition to it.

Mr. SNYDER. You are generating support for what you hope will be a decent treaty. I think it is poor judgment on the part of the President or a former President, as the case may be, to agree to something that you hope will be a decent treaty.

Mr. BECKEL. It is up to them to make that decision, I think.

Mr. SNYDER. They already have, obviously.

Ambassador Bunker, you indicated in your testimony that this new board would change leadership in 1990; is that correct?

Ambassador BUNKER. The administration will change, yes.

Mr. SNYDER. What will be the effect of that?

Ambassador BUNKER. The reason for changing is that Panama will gradually increase its participation in the operation of the treaty and we believe that it will be advantageous to have the administrator during that latter period be a Panamanian, so that they will gain experience in the operation of the canal and administration of the canal.

Mr. SNYDER. Ambassador Linowitz, in your prepared statement you indicate several financial considerations and say they will not require any appropriations by the U.S. Congress; but the Congress will have to appropriate some portion of the Export-Import Bank money, wouldn't they, and isn't the Congress totally responsible for the AID program?

Ambassador LINOWITZ. I think you will remember that I said, on page 6, "I want to stress, however, that the disbursement of funds under these programs will be subject to all the procedures and criteria which normally abide in each of the programs involved, which normally include congressional action."

Mr. HUGHES. Thank you, Mr. Chairman. I want to apologize for only catching a part of your exchange, Ambassador Linowitz, with Ms. Mikulski, dealing with the neutrality treaty. As I understand the exchange, your testimony was, and I think it is in your statement on page 3, that there is no limitation of the ability of this country to take whatever action we feel is necessary to maintain the neutrality of the Canal Zone.

Am I to understand that there is no understanding whatever as to what form that would take, what notice would be required in the

event our country felt that the neutrality of the Canal Zone was threatened? There are no specifics?

Ambassador LINOWITZ. I don't want to get into more than I have said, but I will tell you, there will be no specifics.

Mr. HUGHES. Have there been discussions with the Panamanians insofar as just what course that would take before the U.S. would interject itself in where this country felt the neutrality was threatened?

Ambassador LINOWITZ. At this juncture, it would be unwise for me to go into that.

Mr. HUGHES. I want to thank the members of the panel for appearing here today. I know some of you have traveled long distances at great inconvenience and I sincerely appreciate it.

Thank you.

The CHAIRMAN. Mr. Bauman.

Mr. BAUMAN. Just a procedural question: There have been a number of questions raised here in which we have been told that the answer can't be discussed in public. Are we going to, after a break come back today in closed session and get answers?

The CHAIRMAN. We are going to schedule an executive session.

Mr. BAUMAN. Later today?

The CHAIRMAN. I don't believe we can do it today because of the program for this afternoon that some of the witnesses have.

Mr. BAUMAN. We will be guaranteed an occasion sometime in the near future to get answers?

The CHAIRMAN. Yes.

Mr. DORNAN. What would be "near future"?

The CHAIRMAN. As quickly as we can work it out. There won't be any agreements done before we have it, I assure you.

Mr. Bauman?

Mr. BAUMAN. I thank the Chairman. I want to raise one question. I refer to a reply by Mr. Hansell earlier—and I want you to understand, Ambassador Linowitz, this doesn't reflect on you, but I think the answer should be given to us, even if it is in the form of a memorandum from the State Department.

Earlier, Mr. Snyder made remarks which I did not consider personally directed toward you. He shares my understanding that the President's appointment of you was a personal appointment; that you, in fact, do not fall within the restrictions of certain laws revealing your campaign contributions or requiring the confirmation of the U.S. Senate.

There have appeared press reports about the fact that you served as director of the Marine Midland Bank and that the Government of Panama is indebted to a consortium of the banks, including Marine Midland, to the extent of about $8 million. There also was a statement made by Mr. Aquilino Boyd that you personally represented the Government of Panama in dealing with President-Elect Carter last year regarding the possibility of a treaty. Again, that has appeared in the press.

Further than that, it is my understanding that your law firm has also represented various Latin American interests, including some businesses in Panama.

The question that all of this raises, and I think you can see quite readily, is that in the absence of any disclosure of your interests, your taking part in these negotiations might have presented a conflict of interest.

Ambassador LINOWITZ. Let me answer that clearly, because I tried to deal with it in the past, but let me make sure you understand it fully.

Before I took on this assignment, I made full disclosure of every membership I had, every board, every share of stock I owned, to the State Department Legal Adviser. I have a letter from the State Department Legal Adviser, telling me that it was appropriate for me to take on this post, and indicating that, for example, there were two companies in which I owned some shares that I should dispose of them. I did.

It was on the basis of that clearance in writing from the State Department with the knowledge and approval of the White House, that I assumed the responsibility as co-negotiator—that, let me say, in accordance with a procedure that is followed in a number of other cases that Mr. Hansell can testify.

A few weeks after I assumed the responsibility, questions began to be raised about the Marine Midland involvement, because it was involved in a very small capacity with a large consortium loan involving a number of banks. Although I was clearly advised there was no need to do so, I did decide to resign from the board of the bank and did at that time, and advised this committee at the meeting in March in closed session that I was going to do so.

I have at no time represented or have had any kind of position on behalf of the Government of Panama or any of its officials——

Mr. BAUMAN. Nor has your law firm?

Ambassador LINOWITZ. Let me take it one at a time: Not in any capacity—nor has my law firm at any time; nor does it presently represent anybody in any dealings in connection with the Government of Panama, nor I would think, though we have a large international law firm, I think I can safely say in matters presently in Latin America, but I can't be sure because we do have an office in Rio de Janeiro.

Mr. BAUMAN. The information that has appeared, in the mess is that your law firm, at least, has represented, on occasion, sugar interests in Panama.

Ambassador LINOWITZ. I have never heard of it if they have.

Mr. BAUMAN. Mr. Chairman, in the meeting that you will arrange, I would specifically like to obtain responses to the following questions, which I will submit for the record, even though they are given in executive session: Whether or not the U.S. warships will be guaranteed access to the Canal under all circumstances; and whether or not any declared or undeclared enemies of the U.S. will also be granted access to the Canal and under what circumstances; and whether or not any ships of the U.S. Government will be subjected to any special restrictions or tolls under any different circumstances than presently exist or would be applied across-the-board to all other nations.

Lastly, may I ask you, when do you expect that we will have a written treaty so that President Carter will be made an honest man

concerning what he said in his telegram to me in which he asked me to support the treaty. He asked me to read it over and announce support for it.

Ambassador LINOWITZ. We are working as hard—perhaps Mr. Hansell——

Mr. BAUMAN. I know you have been working hard today, and we all commend you for that.

Mr. HANSELL. We have a team of lawyers in Panama working round-the-clock, seven days a week; others working here, preparing treaty language, reviewing language, checking questions. It is an extraordinarily complex process, as you might guess. There is no way to give any reliable estimate. We are desirous of completing the job as soon——

Mr. BAUMAN. Are we talking about six months?

Mr. HANSELL. No, we would hope that in the month of September, and as early in the month of September as possible, those documents would be completed.

Mr. BAUMAN. Thank you.

The CHAIRMAN. Mr. Dornan.

Mr. DORNAN. Ambassador Bunker, what can we do under this proposed new treaty if the Panamanian Government, itself, decides to shut down the Canal for some political reason and end shipping? In other words, not a confrontation with some outside danger, but the Panamanian Government, whether it is one man or a junta of colonels, or whatever, it decided to shut down the Canal?

Ambassador BUNKER. During the term of the treaty we have primary responsibility for the Canal's operation and defense, and we can see that it is kept operating. We have the right to do that.

Mr. DORNAN. Mr. Bunker, do you recall my first meeting with you was down in the Canal, and that I told you how difficult things would go for a treaty on Capitol Hill and that if you assumed everything was going to take place on Conta Dora Islands, you were wrong and should aggressively reach out to the American people, with President Carter taking the lead to publicize the treaty as best you could, even how you were moving through negotiations? Do you recall that?

Ambassador BUNKER. Yes.

Mr. DORNAN. Do you?

Ambassador LINOWITZ. Yes.

Mr. DORNAN. You know I have not criticized you for the publicity you are generating. I think it is healthy and the only way you can move to make this the number-one issue in America during the next several months so that the American people can have as many facts as the media will give them to make any decision.

If I could, please, with both of you, discuss one aspect of your approach I appreciate the way you put it, Mr. Linowitz, that we must determine if this treaty, specifically when we see it on paper, is in the best interest of the country. In reference to our First Lady's trip to the Latin American countries, you said if the American people would understand what is the decent, honorable, fair thing to do, they would support the treaty, that this was brought up to her in those terms, and then in both Time and Newsweek we hear about it is a matter of conscience for the American people. William Buckley said a great nation would act this way.

Do you see, when you use that type of rhetoric, that the opposite is someone who opposes your position with all sincerity in their beliefs, particularly if it is based on Mr. Torrijos' instability, which I hold to, or the shakiness of the world scene, given the growth of the Soviet Navy, you are calling my position, or the Chairman's position, you are calling our position unfair, indecent, dishonorable, and unconscionable.

When we put this out before the American people, there is a chance that the 78 percent of the American people opposed to this Treaty may increase into the 80's. If the Senate reflects the people, then the Treaty is a long way away from the 67 percent needed in the Senate and from the percentage needed in the House when the constitutional difficulties are worked out.

Could I ask you both to comment on the dignity of positions opposing giving up the Canal, not to the Panama people, but to Mr. Torrijos, calling himself a head of state, the euphemism of the age, and also given the Soviet position in the world? Could you both comment on that?

Ambassador LINOWITZ. Mr. Dornan, may I first say a word? We both have profound confidence of faith in the good judgment and sound judgment of the American people. That is what has underlain a good part of this effort to get the facts out as soon as we are in a position to disclose them. We know there has been a lot of emotionalism, preconception, prejudice involved in this issue, and that is reflected in the polls which do indicate that a very large percentage of the American people are opposed to a new treaty.

We know, of course, that the question is asked, if the American people are asked, would you favor giving up the Panama Canal, it is hard to get them to say yes. If it is put in terms, do you think that a new treaty which undertakes to preserve the American interest and deal fairly with the aspirations of the Panamanians, thereby assuring us a continuing role to keep that Canal open and secure is in our best interest, you may get another answer.

So what we are undertaking to do is to talk wherever we can, to communicate. I am going to speak to the American Legion on Friday, knowing well that the president of the American Legion yesterday came out against the new treaty, because we think there should be that kind of exchange with decency and mutual respect.

Mr. DORNAN. Would you yield for a second? And then I want to yield to my colleague from Maryland.

We all know how loaded polls can be. The Opinion Research Organization, highly respected and used by networks—ABC has used them; many large organizations use them—the question they asked was loaded in a sense. It said, "Do you believe the U.S. should retain the ownership and control of the Canal or give the ownership and control of the Canal to the Republic of Panama?" Therein lies a misstatement. We are not giving it to the Republic of Panama if this head of state—concurring with your request—if this head of state, General Torrijos, is in power, given longevity. That loads it. If you said the Republic of Panama, it gives you a softer ring. The question was loaded in favor of the treaty.

Ambassador LINOWITZ. I just want to make one point because it relates to this and another question you raised. Remember, under

no circumstances does the control, the operation, the defense of the Canal, pass to the Panamanian Government until the year 2000. When you talk about passing to anybody, General Torrijos or anybody else, you are talking about 23 years from now, not about doing it now and somehow that image which I am afraid has been touted around the country deliberately that this is an immediate giveaway, which is entirely fallacious, permeates the thinking of a lot of Americans to respond as they do to the polls.

The CHAIRMAN. Mr. Trible.

Mr. BAUMAN. Would you yield?

Mr. TRIBLE. I yield to the gentleman.

Mr. BAUMAN. On that point, Ambassador Linowitz, I wanted to ask you whether this Time Magazine quote this week is correct. It is very apropos to what you stated about the state of the mind of the American people. You are quoted as saying that the opposition to this treaty is "not only one of emotionalism but one of great ignorance on the part of the American people."

Is that a fair assessment of your view of the public attitude?

Ambassador LINOWITZ. Yes, I think the American people have not had a chance to learn the facts about the new treaty. The polls show that the American people don't know, and the objective we have is to educate the American people on the facts so they can make up their mind fairly.

Mr. BAUMAN. So they are ignorant as you see it.

Mr. TRIBLE. Ambassador Bunker, I would like to pursue the matter we discussed briefly in the last round. I read a description in Time Magazine of the Government of Panama, and we have heard the term dictatorship used here today. You, of course, are familiar with the situation in Panama. How would you characterize the Government of Panama?

Ambassador BUNKER. I would say it is authoritarian government, not outright dictatorship in terms that apply to many other countries. Torrijos does have the National Assembly to advise him. He does consult with business groups, labor groups, other groups in the country, on his policy. He does have a legislative council, which advises legislation for the country, and it is submitted to the National Assembly, so while the government is authoritarian in nature, they are not as much so as many other countries.

Mr. TRIBLE. Are there political parties in Panama?

Ambassador BUNKER. There are no political parties.

Mr. TRIBLE. Is there a free press in Panama?

Ambassador BUNKER. The press is guided. I would call it a guided press, though it does indulge in certain criticism of the government.

Mr. TRIBLE. How about the state of the political opposition? I think you spoke to that question in the last round.

Ambassador BUNKER. As I say, there are no political parties who express themselves. On the other hand, there have been open letters, for example, through the government from independent jurist groups, associations criticizing the treaty, indicating that Panama has been too weak on what it conceded in terms of the treaty; so there is criticism of various kinds in the country.

Mr. TRIBLE. One last point on another matter: We are told that a treaty will guarantee the neutrality of the Canal for an indefinite period. Is there any definition of indefinite period?

Ambassador LINOWITZ. It has no termination date.

Mr. TRIBLE. All right, sir. I wanted that for the record. Thank you.

No further questions, Mr. Chairman.

The CHAIRMAN. The committee will work with your staff, Ambassador Bunker, for a time and place for the executive session so we can go into some of those details, and hopefully Mr. Hansell can have his legal opinion in a firm position by that time, and I hope he has had an opportunity to review some of the documents that I have made part of the record.

We will give him copies of those today, and we appreciate your appearance today.

Our next witness will be Admiral Thomas H. Moorer, former Chairman of the Joint Chiefs.

Mr. DORNAN. Mr. Chairman, could I ask if we could have at least a week-to-10-days' notice for that executive session, so we might cancel our plans for work our districts?

The CHAIRMAN. I will be sure that all Members' offices are coordinated and that there is sufficient time prior to that appearance.

Mr. DORNAN. Thank you.

The CHAIRMAN. Admiral Moorer, we appreciate the extraordinary efforts made by you to attend this hearing today. We have here your statement, as well as the joint letter to the President, sent by you as well as Admirals Burke, Anderson, and Carney. I must say the U.S. is richer by far to have distinguished veterans who are willing to stand up and be counted in times of crisis.

I might say, in my opening statement I read that letter in detail to the witnesses preceding you, to give them the full impact of a very careful and considered judgment on your part and on the parts of Admirals Burke, Anderson and Carney, and on behalf of the full committee I welcome you here this afternoon.

STATEMENT OF ADMIRAL THOMAS H. MOORER, USN (RET.), CHAIRMAN OF THE JOINT CHIEFS OF STAFF 1970-74

Admiral MOORER. Thank you, Mr. Chairman. With your permission I would like to include my statement in the record.

The CHAIRMAN. Without objection that is so ordered.

[The information follows:]

STATEMENT BY ADMIRAL THOMAS H. MOORER, USN (Ret.), CHAIRMAN OF THE JOINT CHIEFS OF STAFF 1970-1974; BEFORE THE COMMITTEE ON MERCHANT MARINE AND FISHERIES, HOUSE OF REPRESENTATIVES, 17 AUGUST 1977.

Mr. Chairman and Distinguished Members of the Committee on Merchant Marine and Fisheries:

I am honored to be here as a witness. I hope my testimony will prove helpful in these hearings regarding the U.S. Canal Zone and the Panama Canal.

My military experience during the last twelve years of active duty, from 1962 to 1974, offered me some extraordinary and unique opportunities to assess the importance of the Panama Canal to the United States, as well as its value to our Allies and friends and, indeed, to all maritime nations.

My evaluation of this waterway as an invaluable possession of the United States was intensified in 1962. At that time I was Commander Seventh Fleet operating in the Western Pacific. Frequently my fleet's capabilities depended on the prompt arrival of supplies from the Atlantic seaboard, supplies loaded aboard ships which were utilizing the Panama Canal.

From the Seventh Fleet I went to Commander-in-Chief, Pacific; from there to Commander-in-Chief, Atlantic, and NATO's Supreme Allied Commander, Atlantic; from there to Chief of Naval Operations and from there to Chairman of the Joint Chiefs of Staff. Each of these commands provided unique opportunities, and sometimes urgent reasons, to evaluate the Panama Canal. I saw this strategic waterway from many vantage points and under stressful circumstances.

As Commander-in-Chief, Pacific, I recall in some detail the Tonkin Gulf era of 1964. During that period I saw the Panama Canal as a conduit for rapid reinforcement from the Atlantic Fleet should the naval forces of the

Soviet Union or mainland China become involved in the Vietnamese War. The U.S. high command was never sure during those early phases of the war of the intentions of either the Soviet Union or mainland China. We knew they had the naval and air capabilities to make trouble and therefore we had to draw up contingency plans for such eventualities. In order to equalize the wartime exposure and hardship throughout the entire Navy, large numbers of Atlantic Fleet units were continuously rotated through the Canal to the combat theatre in the Pacific. In addition, as the Pacific Fleet Commander, I looked to the Atlantic side for rapid logistics support. The U.S. Army, the U.S. Air Force, the U.S. Marine Corps and the U.S. Navy all required a continuous and heavy flow of logistic support; such necessities as fuel, ammunition, spare parts and food. Our allies fighting with us in Vietnam also required considerable support from the United States. If the Panama Canal had not been open and available, the war in Vietnam would have been much more difficult and costly to conduct. This conclusion is also true for the war in Korea.

To give you some idea of the magnitude of Panama Canal usage and its relationship to the war effort, in 1965 there was a total of 300 U.S. government transits through the Panama Canal. As the war escalated, the number of government ships transiting by 1966 had almost doubled. The records show for that year--1966-- a total of 591 government ships transited the Canal. Most of these ships were carrying critically needed logistics support to the forces operating under my command.

As Commander-in-Chief, Atlantic, and NATO's Supreme Allied Commander, I saw the situation at Panama in another perspective. That was for the period 1965 to 1967. The war in Vietnam was still expanding, but now I was

looking at the Canal not only as a means of sending support to the Commander-in-Chief, Pacific, but also from the Atlantic perspective. I saw the possible need to reverse the flow of ships through the Canal, particularly if the situation deteriorated in the Middle East or in the Caribbean during those volatile months of tension and conflict in both these areas.

Both in our U.S. planning and in our NATO planning we envisioned contingencies calling for reinforcements from the Pacific Ocean areas. We envisioned the need for combatant tonnage, Army and Marine Divisions, and particularly we saw the need for amphibious lift.

As Chief of Naval Operations I had to look at the Panama Canal as an essential means of equalizing the strength and providing the balance between the Atlantic and Pacific fleets. The Canal made it possible to pre-position certain types and tonnages, but always with the knowledge that the balance could be shifted to meet unforeseen situations. The Panama Canal gives the naval planner much flexibility and versatility that he would be deprived of without it.

As Chairman of the Joint Chiefs of Staff I became even more sensitive to the strategic value of this U.S. Canal as a means of protecting the security of the United States. My job as Chairman involved all of the Armed Forces of the United States--their collective requirements--and I was primarily responsible to the President for their ability to carry out their roles and missions as assigned by the Congress. Any Commander acting in that capacity will immediately perceive that it is vital to United States interests to retain complete ownership and control of the Panama Canal.

It was at this juncture of my command responsibility that I became concerned about the proposals to surrender the Panama Canal to a leftist

oriented government allied with Cuba. There existed the potential danger for giving this U.S. advantage to a man who might allow or might be persuaded that it was in his best interest to permit Soviet power and influence to prevail by proxy over the Canal, in much the same manner as happened in Cuba. I was convinced as Chairman of the JCS--and I remain convinced today--that if the Soviet Union ever gained even proxy sovereignty and control over the U.S. Canal Zone and Canal through Cuba, U.S. security as well as U.S. prosperity would be placed in serious jeopardy.

The United States would be placed in jeopardy because interocean mobility would be threatened. The mobility of allied commercial shipping and naval forces would face the same threat. The economic lifelines of the entire Western Hemisphere would be needlessly jeopardized, and the point is: there is no point in surrendering this vital interest. I have yet to see any solid justification advanced as to why the United States should willingly sacrifice the strategic advantages afforded to us by our possession of the Panama Canal. Also, by relinquishing control of the Canal Zone and the Canal, we would force all those nations who depend on our power and leadership to accommodate to the adverse implications of such action on our part. The Canal Zone could become the satellite base of an adversary, and the advocates of "giveaway" do not appear to take this factor into account.

For the foregoing reasons and others not listed, I co-signed with three former Chiefs of Naval Operations a letter to President Carter. The key message in that letter was this: "Under the control of a potential adversary the Panama Canal would become an immediate crucial problem and prove a serious weakness in the overall U.S. defense with enormous potential consequences for evil." (The information mentioned is attached to this statement.)

The military and commercial considerations are obvious.

Although the large aircraft carriers and large supertankers cannot use the Canal, 97 percent of the world's commercial and naval fleets can use the Canal as it is. The Canal does need some modernization.

About two-thirds of all the current Canal traffic is bound to or from U.S. ports. When ships round the Horn instead of going through the Canal, they must travel about 8,000 extra miles, have 8,000 extra miles of wear and tear, need 8,000 extra miles of fuel. On an average it takes 31 extra days to round the Horn.

If we were denied use of the Canal, we would have to build a much larger Navy; much larger storage and harbor facilities on both the East and West Coasts of the United States, and provide more merchant ships as well as escorts.

Surrender of U.S. sovereignty over the Canal Zone would inevitably lead to the transformation of the entire friendly character of the Caribbean and the Gulf of Mexico. Everything would depend on the attitude of those who held sovereignty and ownership.

In military affairs there is no substitute for ownership of the territory and the ability to control or to deny the waters and the air space.

After having lived through three decades of conflict I don't believe it takes much imagination to envisage some of the pitfalls we might face in turning the U.S. Canal Zone and Canal over to any government that might see fit to use it against us. Mr. Chairman, I would like to include in the record the letter signed by four Chiefs of Naval Operations, including myself, and the forwarding endorsement signed by four distinguished members of the United States Senate as part of my statement.

Regarding the question of sovereignty, ownership and control of the U.S. Canal Zone and the Canal, I am not a lawyer, but I am satisfied with the Supreme Court's decision of 1907 in the famous Wilson vs. Shaw case that the United States does have legal sovereignty and ownership for the purposes enumerated in the Treaty of 1903. This ruling was reaffirmed as recently as 1972. Also, our Constitution states in Article IV, Section 3, Clause 2, that only Congress has the authority to dispose of U.S. territory and other property of the United States. The language in the Supreme Court's decision of 1907 is quite precise. It is not ambiguous. So is the language in our Constitution. Since the Supreme Court's decision of 1907 still stands --it has never been overruled--and since the Constitution, in my opinion, is still the best governing document in existence, I can only conclude that we would be well advised to abide by these documents in our negotiations with other countries.

Thank you Mr. Chairman.

JAMES B. ALLISON
CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

June 15, 1977

The President
The White House
Washington D. C.

Dear Mr. President:

We are enclosing a most important letter from four former Chiefs of Naval Operations who give their combined judgement on the strategic value of the Panama Canal to the United States.

We think you will agree that these four men are among the greatest living naval strategists today, both in terms of experience and judgement. Their letter concludes:

"It is our considered individual and combined judgement that you should instruct our negotiators to retain full sovereign control for the United States over both the Panama Canal and its protective frame, the U.S. Canal Zone as provided in the existing treaty."

We concur in their judgement and trust you will find such action wholly consistent with our national interest and will act accordingly.

Sincerely,

Strom Thurmond
Strom Thurmond USS

John L. McClellan
John L. McClellan USS

Jesse Helms
Jesse Helms USS

Harry F. Byrd, Jr.
Harry F. Byrd, Jr. USS

June 8, 1977

The President
The White House
Washington, D. C.

Dear Mr. President:

As former Chiefs of Naval Operations, fleet commanders and Naval Advisers to previous Presidents, we believe we have an obligation to you and the nation to offer our combined judgment on the strategic value of the Panama Canal to the United States.

Contrary to what we read about the declining strategic and economic value of the Canal, the truth is that this inter-oceanic waterway is as important, if not more so, to the United States than ever. The Panama Canal enables the United States to transfer its naval forces and commercial units from ocean to ocean as the need arises. This capability is increasingly important now in view of the reduced size of the U.S. Atlantic and Pacific fleets.

We recognize that the Navy's largest aircraft carriers and some of the world's super-tankers are too wide to transit the Canal as it exists today. The super-tankers represent but a small percentage of the world's commercial fleets. From a strategic viewpoint, the Navy's largest carriers can be wisely positioned as pressures and tensions build in any kind of a short-range, limited situation. Meanwhile, the hundreds of combatants, from submarines to cruisers, can be funneled through the transit as can the vital fleet train needed to sustain the combatants. In the years ahead, as carriers become smaller or as the Canal is modernized, this problem will no longer exist.

Our experience has been that as each crisis developed during our active service--World War II, Korea, Vietnam and the Cuban missile crisis--the value of the Canal was forcefully emphasized by emergency transits of our naval units and massive logistic support for the Armed Forces. The Canal provided operational flexibility and rapid mobility. In addition, there are the psychological advantages of this power potential. As Commander-in-Chief, you will find the ownership and sovereign control of the Canal indispensable during periods of tension and conflict.

As long as most of the world's combatant and commercial tonnage can transit through the Canal, it offers inestimable strategic advantages to the United States, giving us maximum strength at minimum cost. Moreover, sovereignty and jurisdiction over the Canal Zone and Canal offer the opportunity to use the waterway or to deny its use to others in wartime. This authority was especially helpful during World War II and also Vietnam. Under the control of a potential adversary, the Panama Canal would become an immediate crucial problem and prove a serious weakness in the over-all U.S. defense capability, with enormous potential consequences for evil.

Mr. President, you have become our leader at a time when the adequacy of our naval capabilities is being seriously challenged. The existing maritime threat to us is compounded by the possibility that the Canal under Panamanian sovereignty could be neutralized or lost, depending on that government's relationship with other nations. We note that the present Panamanian government has close ties with the present Cuban government which in turn is closely tied to the Soviet Union. Loss of the Panama Canal, which would be a serious set-back in war, would contribute to the encirclement of the U. S. by hostile naval forces, and threaten our ability to survive.

For meeting the current situation, you have the well-known precedent of former distinguished Secretary of State (later Chief Justice) Charles Evans Hughes, who, when faced with a comparable situation in 1923, declared to the Panamanian government that it was an "absolute futility" for it "to expect an American administration, no matter what it was, any President or any Secretary of State, ever to surrender any part of (the) rights which the United States had acquired under the Treaty of 1903," (Ho. Doc. No. 474, 89th Congress, p. 154).

We recognize that a certain amount of social unrest is generated by the contrast in living standards between Zonians and Panamanians living nearby. Bilateral programs are recommended to upgrade Panamanian boundary areas. Canal modernization, once U. S. sovereignty is guaranteed, might benefit the entire Panamanian economy, and especially those areas near the U. S. Zone.

The Panama Canal represents a vital portion of our U. S. naval and maritime assets, all of which are absolutely essential for free world security. It is our considered individual and combined judgment that you should instruct our negotiators to retain full sovereign control for the United States over both the Panama Canal and its protective frame, the U. S. Canal Zone as provided in the existing treaty.

Very respectfully,

ROBERT B. CARNEY

ARLEIGH A. BURKE

GEORGE ANDERSON

THOMAS H. MOORER

Admiral MOORER. I would like to add a few comments to what I said in my statement. At the outset I would like to emphasize that my opinions and my comments are not dictated by emotion or imperception, or prejudice, and while I am not a lawyer, not by ignorance, either.

I have been involved in the Panama Canal issue a long time, and I would like to make a few comments on the proposed treaty.

In the first place, I view the treaty strictly from a strategic point of view as it relates to the overall security of the U.S. I do not see this issue as simply an agreement between a big strong nation and a small nation in Latin America. In my view, it goes far beyond that, because of the strong connection of Moscow with Cuba and the Cuban connection with Panama.

Mr. Torrijos has been to Cuba; he has been decorated; he and Castro have proclaimed the success of their revolutions; Moscow has used Cuba by proxy to send 12,000 troops to Angola.

In view of the fact that the Panama Canal is one of the four maritime waterways of the world—included are the Panama Canal, the Suez Canal, the Strait of Gibraltar and the Malacca Strait—I think the Soviets would like nothing better than to be able to have control of the Panama Canal.

The next thing I would like to say this is a special situation—I read the other day in the Washington Post that we wouldn't like it if France controlled New Orleans. I thought that was nonsense. This is not a similar situation. The Canal—the agreement about the Canal—was reached at the same time that Panama became a country. I think the situation is quite different.

Secondly, I think the suggestion that, after all, we are not going to lose control of the Canal for 23 years is also meaningless in the sense that 23 years is a very short time. All that does as far as I am concerned is defer the problem.

The other point made is that the neighboring countries in Latin and South America would be very happy, and that it is their number-one objective, to have a treaty. I don't think that is quite correct, either. I don't believe that the people of the larger countries—Brazil, Argentina and Chile—are eager for such a treaty. I think the economy of the countries on the west coast of South America could be seriously affected by the increase in fees.

And, finally, I have heard much from my colleagues in uniform, as well as others, to the point that if we don't surrender the Canal—if we don't go along with this treaty and make an agreement which ultimately excludes the U.S. from the Canal area—then it will be sabotaged. Well, I consider that nothing more than a threat. The Israelis could tell the Egyptians the same thing. If you don't give us the Canal, we are going to blow it up. The facts are, all of these waterways I mentioned are vulnerable. There is no question about that.

During World War II, the Japanese actually dispatched several of their big submarines with kamikaze aircraft aboard with orders to kamikaze the Canal. They were intercepted and turned back.

It is not a matter whether the Canal can be sabotaged or not. It can be sabotaged temporarily. But certainly if the U.S. is going to govern our actions on the basis of threats that: "If you don't do

what we want you to do, we are going to take violent action," well, then, I think we are certainly not being a number-one world power like we should be and we might as well throw in the international towel.

Secondly, I think that the negative perception of third countries which would develop anytime the U.S. demonstrates a weakness is dangerous to our freedom and our prosperity because any sign of weakness causes many countries in the world to tilt, you might say, toward the Soviet Union, and consequently you will see an economic, a military, and a political impact on our position in the world.

So, I feel certain that we can always update the Canal and that we can assist Panama in her economic problems. The facts are, however, they already have the highest per capita income due to the U.S. tribute of $2.3 million and just the presence of the Canal—the highest per capita in that area—and for them to sabotage the Canal would bring about economic chaos to Panama. It would be a matter of cutting off your nose to spite your face.

So I don't think that we should be driven by the fear that we are going to get violent action if we don't do what the other side wants us to do.

The CHAIRMAN. Thank you, Admiral.

Admiral, if the Canal was in relatively hostile hands, would that mean that we would have to undertake a much larger expenditure in military bases on both coasts as well as naval equipment, notably expensive warships, in order to compensate for our lack of control of that waterway?

Admiral MOORER. There is no question about that. As you know, it is 8,000 miles around the Horn. It takes 31 days for some ships. It would cost millions and millions of dollars in additional fuel expenditures, would affect a capability that the U.S. Navy has today to shift forces from the Atlantic to the Pacific, and vice versa. So in order to compensate for this reduced availability of these combat ships to participate in whatever action they may be directed to participate in, it would take more ships, more warehouses, more fuel storages, and so on. And that would generate a very increased expense.

The only alternative, of course, it we do not have total access to the Panama Canal is to accept this degradation of our strength, in naval terms.

The CHAIRMAN. In other words, many billions of dollars not related to the package of the negotiation are involved in the national security areas of America?

Admiral MOORER. There is no question about that, sir.

The CHAIRMAN. Admiral, during the Cuban missile crisis era, one of the critical uses of the Panama Canal, of course, was the movement of fleet units through the Panama Canal, as well as logistical movements of support ships. One of the less publicized elements was the Panama area's vie as a communications center.

If we were denied the communications center of Panama with its security cables and other communications equipment, would you give us the alternative that we would have to that vital communicating link in a Caribbean front?

Amdiral MOORER. I think it would reduce the flexibility and generate time delays in rapid transmission of orders back and forth for those combat units operating in the Caribbean and in the area of the Pacific west of the Panama Canal.

You are quite right when you say we rapidly transferred many forces from the Pacific Ocean to the Caribbean area in anticipation of orders to invade Cuba. Many were amphibious ships.

Today, our contingency plans envision transfer of forces from the Atlantic to the Pacific and vice versa, depending on where the original confrontation happens to be. This is really my concern, because if this difficulty involved Russia, I think it would be in their interest to operate by proxy and do what they could to inhibit the rapid transfer of U.S. forces to the problem area.

The CHAIRMAN. In your prepared statement you turn back the pages of history a little bit to the era of the Tonkin Gulf and those many months following the Tonkin Gulf. You mention that with the uncertainty as to what action China or Russia might take in that area to counter a United States move, that without the Panama Canal it would have been logistically impossible to have supported a movement of that size that we have just utilizing West Coast ports and equipment.

Perhaps you could enlarge on that in that respect.

Admiral MOORER. Well, Mr. Chairman, anytime we have a potential problem it is the responsibility of the senior officers in the military organizations to prepare what we call contingency plans. I call them "What If", what if this happens, what are we going to do? In the future when we might have a similar situation without access to the Canal, we could not concentrate forces, naval forces in particular, and in many cases Army forces, because much logistic support would come from the East Coast through the Canal to the Pacific.

I get back to the point that a country like Panama may not be involved in some conflict or difficulty that the United States might have, for instance, in the Western Pacific, but certainly Russia would be vitally interested and they would, in my view, do what they could to use Cuba to make our problems as difficult as possible.

The CHAIRMAN. Mr. Hubbard?

Mr. HUBBARD. Thank you.

The question I asked the ambassadors: We have been told, of course, that the one major purpose of the treaty would be to improve our relations in Latin America.

Are you familiar with this Organization of American States meeting in June where the resolution was adopted in which 19 Latin American countries stipulated that they did not want any canal toll changes, no added charges unless it was needed, absolutely needed for the operation of the waterway?

Admiral MOORER. Yes, sir, I am quite familiar with it.

Unfortunately, it has been my observation during the time that I have been in close contact with negotiations and government activities of the United States that we always seem to resort to the pocketbook to solve the problems.

In my view, a large payment to Panama would ultimately come out of the taxpayers' pocket rather than from increased fees. If you

increased fees to the extent of $50 million, I think it could be counterproductive in the sense that it would reduce the ship transits and thus would reduce business. Any kind of business is the same: If you put the price too high, you don't get the business.

Mr. HUBBARD. Are the Latin American countries really that concerned about the Panama Canal question?

Admiral MOORER. I think the emotional interests come from the countries in the immediate vicinity of Panama, such as Venezuela. In terms of the entire Caribbean South America, on balance I do not think so. I have already mentioned the fact that certainly the countries on the west coast of South American would be less than happy over the possibility that the canal could be closed to their commerce, because they depend heavily on the canal.

Mr. HUBBARD. Thank you.

The CHAIRMAN Mr. Snyder?

Mr. SNYDER. Thank you, Mr. Chairman.

Thank you, Admiral Moorer, for being here. We appreciate it.

I was interested in your early comments about the Communist presence in this area by virtue of Torrijos and Castro and Moscow.

I—just for the record—the staff is showing me a copy of a book by John Read, who was an American Communist, who is buried behind the wall of the Kremlin. The foreward to the book was written by Lenin himself. I don't know what year it was written, but this reprint was copyrighted by Random House in 1960.

Those Communists plan ahead. He points out, and I quote: "all straits opening into inland seas as well as the Suez and Panama Canals are to be neutralized." That is exactly what is happening under this proposal, of course.

Admiral MOORER. I might comment that during the Cuban crisis, in which I was involved, I stated at the time that in my view it would have been far wiser for the United States to leave the missiles in Cuba and get the Russians out, because I was much more concerned about the Russians than I was the missiles.

Mr. SNYDER. Admiral, how much less of a fleet do we have now than we had in World War II?

Admiral MOORER. There has been a radical reduction in the fleet, as you know, sir, compared to World War II. It would say it is down compared to the period during the war in Korea and the subsequent times up until about 1960, it is down from 950 ships down to 550. It has been reduced almost by half.

Mr. SNYDER. Would you in your expert opinion say we have a two-ocean Navy?

Admiral MOORER. We definitely do not and we would have no semblance of a two-ocean Navy if we have no capability of transferring the forces back and forth.

Mr. SNYDER. That was the point I was attempting to make. Were you here during the ambassadors' testimony?

Admiral MOORER. Part of it, yes, sir.

Mr. SNYDER. Roughly, as I understand their testimony, they said that we were going to keep such military presence there, after this treaty is negotiated, up until the year 2000 as was necessary to defend the canal. By that, I would anticipate that they meant that any military presence that was not required in the defense of the canal between now and the year 2000 would be removed.

Could you comment on our SouthCom installation there, and how much of that is not necessary to the defense of the canal, but is necessary for the defense of this country and our defense installations generally, with their operations all over South America?

Admiral MOORER. Yes, sir. I don't think you can look at the forces in the isolated context of protecting the Canal Zone per se. There are two problems: One, that I would call the internal security of the canal, that is security against sabotage and guerrilla-type activity; and, secondly, the defense of the approaches to the canal as well as the canal itself against regular forces of an enemy.

Those forces are vital, in my view, for both purposes.

Next, if there happens to be some kind of an associated confrontation in the Caribbean area, the facilities in the canal would be most useful and effective in establishing the U.S. military position. So I don't know what they mean by saying that they are going to only retain those forces required to defend the canal. I think that requires considerable expansion.

We certainly need a more detailed description of what is implied by that comment.

Mr. SNYDER. Admiral, we had previous testimony before this committee regarding the inadequacies of port facilities on the Pacific Coast. Colonel Sheffey testified "We do not have a port facility on the West Coast to support even a Vietnam-sized war from there. We do not have the means to support a Pacific war by sea transport around South America or Africa."

Do you concur in that judgment?

Admiral MOORER. Yes, sir. I would point out that you must not only consider the simple matter of transporting a ton from Point A to Point B. In the military context, one must consider how long it takes you to do that.

Mr. SNYDER. In other words, there would just be a big logistical gap in the event we didn't have full control of the canal?

Admiral MOORER. Yes, sir. If the Soviets are involved in any way in action of that nature, then you have very, very much longer lines of supply which are subject to attack by submarine; so it complicates the antisubmarine warfare problem as well as the logistics program.

Mr. SNYDER. Ambassador Linowitz said in his prepared statement that he gave this morning, from which I will read to you: "Under the rules of neutrality to be set forth in the treaty, the Canal is to be open to merchant and naval vessels of all nations at all times without discrimination as to conditions or charges of transit."

I asked him whether this meant if we were at war with another country, could their war vessels use the canal. He declined to answer that.

Admiral MOORER. I am glad you asked the question. I thought it was a good question. Of course, I think it would be nothing less than ridiculous for us to permit either enemy ships or ships of any country supporting the enemy to go through the canal. I don't think that that would happen. I don't think the American people would stand for it.

Mr. SNYDER. Well, I hope you are right.

I thank you very much for being here.

The CHAIRMAN. Mr. Bauman?

Mr. BAUMAN. Admiral, I want to thank you for your statement.

I want to zero in on one aspect of the publicity and propaganda campaign, being waged by the White House. I read in the paper one of the key steps to the eventual public acceptance of the treaty would be the approval of the Joint Chiefs of Staff.

The next day I read in the same papers a report that the Joint Chiefs of Staff approved the treaty in all its parts. They presumably have not read it either, since it has not been reduced to writing.

I don't want to place you in a position of having to comment on any of your colleagues, but do you think after the Singlaub affair that there was any question that the current Joint Chiefs of Staff would approve any policy by the Carter administration?

Admiral MOORER. Let me say, with our form of government—we are the only country that requires the man in uniform to testify before the legislative branch. Generally speaking, he is expected and pressured to support the administration position, I don't care what administration is in at the time. Consequently, the Joint Chiefs of Staff are usually in a position of saying: "We can live with this idea" rather than saying: "We enthusiastically support it."

But let me say that an amazing thing happened to me on 1 July 1974. For the first time in my life I acquired the rights guaranteed by the First Amendment. I tell you, I will say what I think. I don't agree with the Joint Chiefs of Staff.

Mr. BAUMAN. In your heart of hearts, would you think they, too, might agree if they had the First Amendment available to them?

Admiral MOORER. From a military point of view, in a strategic sense, in time of an emergency, which is what the Joint Chiefs of Staff and what the military people are paid to consider. I don't think that they would feel from a professional military judgment point of view that this is going to lead to enhancing the military strength of the country.

I think what has happened here is that everyone is talking about what is going to happen in the canal today and tomorrow. I don't doubt that the canal will function tomorrow, the next day and the next day.

What concerns me is, what is going to happen if we in fact have a military emergency which puts an entirely different light on it?

I had a policy during the time when I was a senior officer that when an issue was brought to me, I always asked one question: Will it work in wartime? If the answer to that was no, I was against it.

Mr. BAUMAN. Do you think that characterizes this statement?

Admiral MOORER. Yes. I think the potential for an interruption and for generating difficulty at the time of such an emergency is there and I don't see any reason for voluntarily putting ourselves in this position. The only reasons I have heard for surrendering the canal are two fold: One is, as I said before, that if we don't do this, people won't like us, and secondly if we don't do this, the Panamanians will tear the thing up. Those are the only two reasons that I have heard so far.

Mr. BAUMAN. I think you have amply clarified the position of the Joint Chiefs of Staff. I want to thank you for your statement and your distinguished career.

The CHAIRMAN. Mr. Dornan?

Mr. DORNAN. Thank you, Mr.Chairman.

Admiral, Newsweek and Time that we have both been quoting a lot today, one of them misquotes directly, or states directly that we no longer need this now because we have a two-ocean Navy. Could we touch on this for a second?

Is the Atlantic or the Pacific Fleet capable of supporting any type of conflict or pre-conflict situation event to the size of the Beirut landings in 1958 or tension in Quemoy-Matsu on the other side of the world during that time period?

Admiral MOORER. I think the Navy would be hard put to do that. I don't agree that we have a two-ocean Navy in the sense that I view a two-ocean Navy; neither do I agree in any sense that the canal is of no further use.

Some mentioned the fact that the aircraft carriers and large ships cannot go through the canal. They didn't mention that today there are no ports in the United States that will accept the VLCC tankers. Ninety-five percent of the oceangoing ships in the world can easily go through the canal. Of 14,000 ships that go through, about 8,000 call at or leave from American ports.

Mr. DORNAN. Are we not designing our most modern aircraft carriers, the TARAWA, which is already finished, to transit the canal, which the TARAWA did last fall?

Admiral MOORER. No, sir. The TARAWA is an amphibious ship. There has been much discussion about building a little aircraft carrier with a so-called V/STOL aircraft aboard. The carriers we have today will be with us for 25 years or so, beginning with the FORRESTAL and winding up with the NIMITZ, which is commissioned and the EISENHOWER, under construction. So it would be helpful if the carriers could go through the canal, but since they cannot, we deploy them accordingly. But all the amphibious ships can go through, all the submarines can go through, so the point that the canal is not of any further use— is a very weak argument.

Mr. DORNAN. I mean except for those large attack carriers, these newer carriers, the LHA made by Litton Industries, they did transit the canal. So it is only our supercarriers that cannot go through?

Admiral MOORER. That is correct.

Mr. DORNAN. I would like to discuss the situation in the Caribbean, which is my principal objection to signing a teraty with a dictator.

Would you say, given the Soviet submarine use of the Cuban bases and given the fact that there are submarine-launched ballistic missiles sitting inside those submarines, YANKEE-class, with ten to 12 missiles, and the DELTA-class having more, that we are back to the same situation we were in with the missiles in Cuba in 1961, and that the Caribbean is now every bit as dangerous as it was when President Kennedy was shown the U-2 photography establishing missiles not operational but about to be operational within one day?

Admiral MOORER. Well, I think that what you say is correct. I think that there is a far greater danger, as I see it, and that is the action of Soviet Russia in Cuba, whereby they were able to provide the transportation for 12,000 troops to fight in Africa. The Russians

are still in Cuba. The KGB is operating with the Cuban intelligence and subversive groups and working with the people who are subversive in Puerto Rico and all through South America, including Panama.

I see the danger as a political danger as much as a military danger. Once you get a submarine with a range such as the DELTA has, of over 4,000 miles, they don't necessarily have to be in Cuba. They can back off quite a distance. My view is that the real threat is the infiltration of the Communist concept and dogma through that whole area. I have been concerned about that for some time.

Mr. DORNAN. In as short an answer as possible, would you characterize the Caribbean area as a more dangerous situation today than it was in 1961 when this country was more aware of it?

Admiral MOORER. If you are measuring it in terms of potential capability, striking power of the Soviets, the answer is yes.

Mr. DORNAN. When I thanked Ambassador Bunker in the hall for his apperance—he is a very distinguished gentleman; we all admire his service to the country—he said to me, "Congressman, we have to get out of there."

I can tell from the way he said it that he believes we are better off out than in, and he believes we are going to be dragged into a quagmire based on the fact that the canal is "indefensible."

In light of this I would like to ask: How many years of service do you have, sir?

Admiral MOORER. I had 45 years when I retired three years ago.

Mr. DORNAN. As, I said to General McAulliffe,"Drawing upon all your years of military experience and granting that the World Trade Towers in New York are not defensible, nor is the ladies room in the Capitol building, given what you have in this canal, is it defensible?" and his exact answer was, "Given a treaty we cannot live with, I say, yes, I can defend this canal." He said this in the presence of nine Congressmen.

I ask you the same question: Would you say, drawing upon your 45 years, that the canal today is defenisble in the terms that any military tgarget is definsible under the control of our country?

Admiral MOORER. I believe so. In fact, I believe we must defend it and must maintain access to it.

I come back to the point I made a while ago, that the problem is, can we maintain the use of it during an emergency? That is really the issue. There is no doubt about the fact that someone can slip in there with a plastic charge or something of that kind and blow up a part of a lock or something like that. It can be sabotaged. We have had people going aboard aircraft all the time saying, "If you don't take me to Algeria I will blow you up." Everybody starts handwringing and lets them go. I don't agree with the idea that you govern your actions for fear that somebody is going to do violence against you. They are the ones being illegal; we are not.

Mr. DORNAN. Leaning very hard upon your newly reacquired First Amendment rights, would you comment on this situation: A highly placed admiral in the Pentagon, and by his decorations, told me that he wrote a paper on the strategic, vital value of the Canal Zone to the United States' defense, and that it was rejected by the Joint Chiefs of Staff as not in line with current administration

policy and to rewrite it. He said to me, "I would just as soon walk out of here and hang up my uniform than to be forced to say things in a paper that I don't believe."

In all the time you were Chairman of the Joint Chiefs of Staff, was there a policy to reject briefing papers or reject papers by your highest ranking subordinates because it was not in line with administration political policy?

Admiral MOORER. No, I am not aware of that statement. I insisted that we, when such a thing happened, that we turn in what we call a split paper, namely, if here was not a unanimous agreement we always sent up more than one view and specified the difficulty.

I don't know of any occasion during my experience when the subordinate officers were given any such instructions.

Mr. DORNAN. When you were Chairman, you had an A-Team/B-Team approach the CIA now uses with all your services when there was difference over a strategic plan?

Admiral MOORER. We didn't have any A-Team or B-Team. The system worked like any executive group. We had an issue. We had the pros and cons and solutions. Each member of the Joint Chiefs of Staff submitted his solution. As I said— and that happened many times—when the solutions were not unanimous, all views went forward to the Secretary of Defense when I was there.

Mr. DORNAN. How about in the intelligence community. Were you aware of the phenomenon, that no President wants to leave office having flown in the face of his best intelligence advice, so it always appeared that a President could make a decision and get intelligence advice backing him up, not lying, coloring, adjusting, switching emphasis; he could always come up with estimates backing up that decision? Did you find that?

Admiral MOORER. No, I don't think that is quite correct.

I think the facts are that intelligence is not an exact science; it is an estimate based on interpretation of such facts and rumors you can get your hands on. In that connection, I have always been opposed to a single intelligence individual, because once that happens you are then subject to the antics that you are talking about.

As a commander, in uncertain matters I always preferred to have two intelligence reports that sometimes disagreed, one from CIA and one from DIA. This immediately told me that they didn't know, for sure and I had better be ready for both things happening.

Mr. DORNAN. Is it true that the Navy does not have a rank comparable to the rank of commodore or brigadier general because they have traditionally had to play a quasidiplomatic role around the world and when the officer achieved flag rank they wanted him in an embassy, so the Navy has traditionally skipped their officers over the rank of brigadier general or commodore immediately to rear admiral rank? Is that true because of the Navy's diplomatic sensitivity in ports over the world?

Admiral MOORER. This happened a long time ago. There are upper half and lower half ranks for rear admiral. The lower half is the rank equivalent within the U.S. military establishment of a brigadier general.

Mr. DORNAN. But is that traditionally discussed generally the reason why commodore is not used because only the Navy uses the upper and lower half?

Admiral MOORER. I think it was generated a long time ago, when communications were very bad and we did not get instructions by the minute like we get now. Then it was desirable to have, in the eyes of foreign nations, the most senior individual you could have.

Mr. DORNAN. I choose to believe that tradition that the Navy has played a quasidiplomatic role around the world and anybody like yourself who has spent 45 years in that particular branch of service has certainly formed a judgment on analyzing heads of states that is every bit as careful and intellectual a judgment as anyhbody who served an equal number of years in the State Department.

I would ask you, as a final question, Admiral, if you could give me your best estimate of the stability or the character of this man who calls himself the head of state and talks about wars of liberation and 50,000 young Panamanians dead and X number of Americans dead in that effort, turning the canal even before the year 2000 in any way, shape or form, over to this man? What is your best diplomatic analysis of this man's stability as a leader?

Admiral MOORER. I think anyone who is in that position whereby he has, as Mr. Bunker put it, "guided" the press and reduced the political parties to one, and so on, has a lot more opposition within his country than is generally advertised. Consequently I think he could readily get into difficulty. He did take over from an elected official, and he is head of one of the hated military dictatorships we talk about around the world all the time.

So everybody in Panama is not enthusiastic and happy about his current control, That being true, and looking at history, what has happened down there in the turnover of chiefs of state or bosses, or whatever you want to call them, I think his longevity, chief-of-state-wise, depends upon what control by force the National Guard maintains.

Mr. DORNAN. You continue to get intelligence briefings every year out of respect to your prior position, don't you?

Admiral MOORER. Generally, but I haven't spent too much time on it.

Mr. DORNAN. Are you aware of how upset our military men are that these Panamanian nationals are getting new armored carriers, APC's, and new armored cars with 50-calibre machine guns from us; that they feel they have been put in a dangerous position?

Admiral MOORER. I am aware of the fact that Panama forces have been upgraded.

Mr. DORNAN. Can you conceive of us giving $50 million worth of aid to General Torrijos and anybody in that country ever being able to shoe-horn him out of office if he has that much military equipment supplied to him by our freedom-loving country? Would that not perpetuate his strong-arm status for the rest of the century?

Admiral MOORER. In my view, we are making his problem far simpler and ours more difficult.

Mr. DORNAN. Thank you. I wish more retired generals and admirals such as yourself would exercise their First Amendment rights. Your 45 years are a valuable treasury to this country, and I

appreciate the letter you sent to the President on the Panama Canal.

Admiral MOORER. Thank you.

The CHAIRMAN. Thank you very much, Admiral. We sincerely appreciate your contribution to the committee today.

Admiral MOORER. Thank you.

The CHAIRMAN. The committee stands adjourned, subject to the call of the Chair.

[Whereupon, at 2:35 p.m., the committee adjourned, subject to the call of the Chair.]

APPENDIX

[COMMITTEE NOTE.—The treaties which were arrived at pursuant to the agreement in principle of August 10, 1977, are reproduced on the following pages along with implementing and accompanying documents. The maps accompanying the treaty, have been omitted from this printing due to the excessive cost of reproduction.]

The Department of State

Selected Documents No. 6

Bureau of Public Affairs
Office of Media Services

Texts of Treaties Relating to the Panama Canal

PANAMA CANAL TREATY

The United States of America and the Republic of Panama,

Acting in the spirit of the Joint Declaration of April 3, 1964, by the Representatives of the Governments of the United States of America and the Republic of Panama, and of the Joint Statement of Principles of February 7, 1974, initialed by the Secretary of State of the United States of America and the Foreign Minister of the Republic of Panama, and

Acknowledging the Republic of Panama's sovereignty over its territory,

Have decided to terminate the prior Treaties pertaining to the Panama Canal and to conclude a new Treaty to serve as the basis for a new relationship between them and, accordingly, have agreed upon the following:

Article I

Abrogation of Prior Treaties and Establishment of a New Relationship

1. Upon its entry into force, this Treaty terminates and supersedes:

(a) The Isthmian Canal Convention between the United States of America and the Republic of Panama, signed at Washington, November 18, 1903;

(b) The Treaty of Friendship and Cooperation signed at Washington, March 2, 1936, and the Treaty of Mutual Understanding and Cooperation and the related Memorandum of Understandings Reached, signed at Panama, January 25, 1955, between the United States of America and the Republic of Panama;

(c) All other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama concerning the Panama Canal which were in force prior to the entry into force of this Treaty; and

(d) Provisions concerning the Panama Canal which appear in other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama which were in force prior to the entry into force of this Treaty.

2. In accordance with the terms of this Treaty and related agreements, the Republic of Panama, as territorial sovereign, grants to the United States of America, for the duration of this Treaty, the rights necessary to regulate the transit of ships through the Panama Canal, and to manage, operate, maintain, improve, protect and defend the Canal. The Republic of Panama guarantees to the United States of America the peaceful use of the land and water areas which it has been granted the rights to use for such purposes pursuant to this Treaty and related agreements.

3. The Republic of Panama shall participate increasingly in the management and protection and defense of the Canal, as provided in this Treaty.

4. In view of the special relationship established by this Treaty, the United States of America and the Republic of Panama shall cooperate to assure the uninterrupted and efficient operation of the Panama Canal.

Article II

Ratification, Entry Into Force, and Termination

1. This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, six calendar months from the date of the exchange of the instruments of ratification.

2. This Treaty shall terminate at noon, Panama time, December 31, 1999.

Article III

Canal Operation and Management

1. The Republic of Panama, as territorial sovereign, grants to the United States of America the rights to manage, operate, and maintain the Panama Canal, its complementary works, installations and equipment and to provide for the orderly transit of vessels through the Panama Canal. The United States of America accepts the grant of such rights and undertakes to exercise them in accordance with this Treaty and related agreements.

2. In carrying out the foregoing responsibilities, the United States of America may:

(a) Use for the aforementioned purposes, without cost except as provided in this Treaty, the various installations and areas (including the Panama Canal) and waters, described in the Agreement in Implementation of this Article, signed this date, as well as such other areas and installations as are made available to the United States of America under this Treaty and related agreements, and take the measures necessary to ensure sanitation of such areas;

(b) Make such improvements and alterations to the aforesaid installations and areas as it deems appropriate, consistent with the terms of this Treaty;

(c) Make and enforce all rules pertaining to the passage of vessels through the Canal and other rules with respect to navigation and maritime matters, in accordance with this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules;

(d) Establish, modify, collect and retain tolls for the use of the Panama Canal, and other charges, and establish and modify methods of their assessment;

(e) Regulate relations with employees of the United States Government;

(f) Provide supporting services to facilitate the performance of its responsibilities under this Article;

(g) Issue and enforce regulations for the effective exercise of the rights and responsibilities of the United States of America under this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules; and

(h) Exercise any other right granted under this Treaty, or otherwise agreed upon between the two Parties.

3. Pursuant to the foregoing grant of rights, the United States of America shall, in accordance with the terms of this Treaty and the provisions of United States law, carry out its responsibilities by means of a United States Government agency called the Panama Canal Commission, which shall be constituted by and in conformity with the laws of the United States of America.

(a) The Panama Canal Commission shall be supervised by a Board composed of nine members, five of whom shall be nationals of the United States of America, and four of whom shall be Panamanian nationals proposed by the Republic of Panama for appointment to such positions by the United States of America in a timely manner.

(b) Should the Republic of Panama request the United States of America to remove a Panamanian national from membership on the Board, the United States of America shall agree to such request. In that event, the Republic of Panama shall propose another Panamanian national for appointment by the United States of America to such position in a timely manner. In case of removal of a Panamanian member of the Board at the initiative of the United States of America, both Parties will consult in advance in order to reach agreement concerning such removal, and the Republic of

Panama shall propose another Panamanian national for appointment by the United States of America in his stead.

(c) The United States of America shall employ a national of the United States of America as Administrator of the Panama Canal Commission, and a Panamanian national as Deputy Administrator, through December 31, 1989. Beginning January 1, 1990, a Panamanian national shall be employed as the Administrator and a national of the United States of America shall occupy the position of Deputy Administrator. Such Panamanian nationals shall be proposed to the United States of America by the Republic of Panama for appointment to such positions by the United States of America.

(d) Should the United States of America remove the Panamanian national from his position as Deputy Administrator, or Administrator, the Republic of Panama shall propose another Panamanian national for appointment to such position by the United States of America.

4. An illustrative description of the activities the Panama Canal Commission will perform in carrying out the responsibilities and rights of the United States of America under this Article is set forth at the Annex. Also set forth in the Annex are procedures for the discontinuance or transfer of those activities performed prior to the entry into force of this Treaty by the Panama Canal Company or the Canal Zone Government which are not to be carried out by the Panama Canal Commission.

5. The Panama Canal Commission shall reimburse the Republic of Panama for the costs incurred by the Republic of Panama in providing the following public services in the Canal operating areas and in housing areas set forth in the Agreement in Implementation of Article III of this Treaty and occupied by both United States and Panamanian citizen employees of the Panama Canal Commission: police, fire protection, street maintenance, street lighting, street cleaning, traffic management and garbage collection. The Panama Canal Commission shall pay the Republic of Panama the sum of ten million United States dollars ($10,000,000) per annum for the foregoing services. It is agreed that every three years from the date that this Treaty enters into force, the costs involved in furnishing said services shall be reexamined to determine whether adjustment of the annual payment should be made because of inflation and other relevant factors affecting the cost of such services.

6. The Republic of Panama shall be responsible for providing, in all areas comprising the former Canal Zone, services of a general jurisdictional nature such as customs and immigration, postal services, courts and licensing, in accordance with this Treaty and related agreements.

7. The United States of America and the Republic of Panama shall establish a Panama Canal Consultative Committee, composed of an equal number of high-level representatives of the United States of America and the Republic of Panama, and which may appoint such subcommittees as it may deem appropriate. This Committee shall advise the United States of America and the Republic of Panama on matters of policy affecting the Canal's operation. In view of both Parties' special interest in the continuity and efficiency of the Canal operation in the future, the Committee shall advise on matters such as general tolls policy, employment and training policies to increase the participation of Panamanian nationals in the operation of the Canal, and international policies on matters concerning the Canal. The Committee's recommendations shall be transmitted to the two Governments, which shall give such recommendations full consideration in the formulation of such policy decisions.

8. In addition to the participation of Panamanian nationals at high management levels of the Panama Canal Commission, as provided for in paragraph 3 of this Article, there shall be growing participation of Panamanian nationals at all other levels and areas of employment in the aforesaid commission, with the objective of preparing, in an orderly and efficient fashion, for the assumption by the Republic of Panama of full responsibility for the management, operation and maintenance of the Canal upon the termination of this Treaty.

9. The use of the areas, waters and installations with respect to which the United States of America is granted rights pursuant to this Article, and the rights and legal status of United States Government agencies and employees operating in the Republic of Panama pursuant to this Article, shall be governed by the Agreement in Implementation of this Article, signed this date.

10. Upon entry into force of this Treaty, the United States Government agencies known as the Panama Canal Company and the Canal Zone Government shall cease to operate within the territory of the Republic of Panama that formerly constituted the Canal Zone.

Article IV

Protection and Defense

1. The United States of America and the Republic of Panama commit themselves to protect and defend the Panama Canal. Each Party shall act, in accordance with its constitutional processes, to meet the danger resulting from an armed attack or other actions which threaten the security of the Panama Canal or of ships transiting it.

2. For the duration of this Treaty, the United States of America shall have primary responsibility to protect and defend the Canal. The rights of the United States of America to station, train, and move military forces within the Republic of Panama are described in the Agreement in Implementation of this Article, signed this date. The use of areas and installations and the legal status of the armed forces of the United States of America in the Republic of Panama shall be governed by the aforesaid Agreement.

3. In order to facilitate the participation and cooperation of the armed forces of both Parties in the protection and defense of the Canal, the United States of America and the Republic of Panama shall establish a Combined Board comprised of an equal number of senior military representatives of each Party. These representatives shall be charged by their respective governments with consulting and cooperating on all matters pertaining to the protection and defense of the Canal, and with planning for actions to be taken in concert for that purpose. Such combined protection and defense arrangements shall not inhibit the identity or lines of authority of the armed forces of the United States of America or the Republic of Panama. The Combined Board shall provide for coordination and cooperation concerning such matters as:

(a) The preparation of contingency plans for the protection and defense of the Canal based upon the cooperative efforts of the armed forces of both Parties;

(b) The planning and conduct of combined military exercises; and

(c) The conduct of United States and Panamanian military operations with respect to the protection and defense of the Canal.

4. The Combined Board shall, at five-year intervals throughout the duration of this Treaty, review the resources being made available by the two Parties for the protection and defense of the Canal. Also, the Combined Board shall make appropriate recommendations to the two Governments respecting projected requirements, the efficient utilization of available resources of the two Parties, and other matters of mutual interest with respect to the protection and defense of the Canal.

5. To the extent possible consistent with its primary responsibility for the protection and defense of the Panama Canal, the United States of America will endeavor to maintain its armed forces in the Republic of Panama in normal times at a level not in excess of that of the armed forces of the United States of America in the territory of the former Canal Zone immediately prior to the entry into force of this Treaty.

Article V

Principle of Non-Intervention

Employees of the Panama Canal Commission, their dependents and designated contractors of the Panama Canal Commission, who are nationals of the United States of America, shall respect the laws of the Republic of Panama and shall abstain from any activity incompatible with the spirit of this Treaty. Accordingly, they shall abstain from any political activity in the Republic of Panama as well as from any intervention in the internal affairs of the Republic of Panama. The United States of America shall take all measures within its authority to ensure that the provisions of this Article are fulfilled.

Article VI

Protection of the Environment

1. The United States of America and the Republic of Panama commit themselves to implement this Treaty in a manner consistent with the protection of the natural environment of the

Republic of Panama. To this end, they shall consult and cooperate with each other in all appropriate ways to ensure that they shall give due regard to the protection and conservation of the environment.

2. A Joint Commission on the Environment shall be established with equal representation from the United States of America and the Republic of Panama, which shall periodically review the implementation of this Treaty and shall recommend as appropriate to the two Governments ways to avoid or, should this not be possible, to mitigate the adverse environmental impacts which might result from their respective actions pursuant to the Treaty.

3. The United States of America and the Republic of Panama shall furnish the Joint Commission on the Environment complete information on any action taken in accordance with this Treaty which, in the judgment of both, might have a significant effect on the environment. Such information shall be made available to the Commission as far in advance of the contemplated action as possible to facilitate the study by the Commission of any potential environmental problems and to allow for consideration of the recommendation of the Commission before the contemplated action is carried out.

Article VII

Flags

1. The entire territory of the Republic of Panama, including the areas the use of which the Republic of Panama makes available to the United States of America pursuant to this Treaty and related agreements, shall be under the flag of the Republic of Panama, and consequently such flag always shall occupy the position of honor.

2. The flag of the United States of America may be displayed, together with the flag of the Republic of Panama, at the headquarters of the Panama Canal Commission, at the site of the Combined Board, and as provided in the Agreement in Implementation of Article IV of this Treaty.

3. The flag of the United States of America also may be displayed at other places and on some occasions, as agreed by both Parties.

Article VIII

Privileges and Immunities

1. The installations owned or used by the agencies or instrumentalities of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements, and their official archives and documents, shall be inviolable. The two Parties shall agree on procedures to be followed in the conduct of any criminal investigation at such locations by the Republic of Panama.

2. Agencies and instrumentalities of the Government of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements shall be immune from the jurisdiction of the Republic of Panama.

3. In addition to such other privileges and immunities as are afforded to employees of the United States Government and their dependents pursuant to this Treaty, the United States of America may designate up to twenty officials of the Panama Canal Commission who, along with their dependents, shall enjoy the privileges and immunities accorded to diplomatic agents and their dependents under international law and practice. The United States of America shall furnish to the Republic of Panama a list of the names of said officials and their dependents, identifying the positions they occupy in the Government of the United States of America, and shall keep such list current at all times.

Article IX

Applicable Laws and Law Enforcement

1. In accordance with the provisions of this Treaty and related agreements, the law of the Republic of Panama shall apply in the areas made available for the use of the United States of America pursuant to this Treaty. The law of the Republic of Panama shall be applied to matters or events which occurred in the former Canal Zone prior to the entry into force of this Treaty only to the extent specifically provided in prior treaties and agreements.

2. Natural or juridical persons who, on the date of entry into force of this Treaty, are engaged in business or non-profit activities at locations in the former Canal Zone may continue such business or activities at those locations

under the same terms and conditions prevailing prior to the entry into force of this Treaty for a thirty-month transition period from its entry into force. The Republic of Panama shall maintain the same operating conditions as those applicable to the aforementioned enterprises prior to the entry into force of this Treaty in order that they may receive licenses to do business in the Republic of Panama subject to their compliance with the requirements of its law. Thereafter, such persons shall receive the same treatment under the law of the Republic of Panama as similar enterprises already established in the rest of the territory of the Republic of Panama without discrimination.

3. The rights of ownership, as recognized by the United States of America, enjoyed by natural or juridical private persons in buildings and other improvements to real property located in the former Canal Zone shall be recognized by the Republic of Panama in conformity with its laws.

4. With respect to buildings and other improvements to real property located in the Canal operating areas, housing areas or other areas subject to the licensing procedure established in Article IV of the Agreement in Implementation of Article III of this Treaty, the owners shall be authorized to continue using the land upon which their property is located in accordance with the procedures established in that Article.

5. With respect to buildings and other improvements to real property located in areas of the former Canal Zone to which the aforesaid licensing procedure is not applicable, or may cease to be applicable during the lifetime or upon termination of this Treaty, the owners may continue to use the land upon which their property is located, subject to the payment of a reasonable charge to the Republic of Panama. Should the Republic of Panama decide to sell such land, the owners of the buildings or other improvements located thereon shall be offered a first option to purchase such land at a reasonable cost. In the case of non-profit enterprises, such as churches and fraternal organizations, the cost of purchase will be nominal in accordance with the prevailing practice in the rest of the territory of the Republic of Panama.

6. If any of the aforementioned persons are required by the Republic of Panama to discontinue their activities or vacate their property for public purposes, they shall be compensated at fair market value by the Republic of Panama.

7. The provisions of paragraphs 2–6 above shall apply to natural or juridical persons who have been engaged in business or non-profit activities at locations in the former Canal Zone for at least six months prior to the date of signature of this Treaty.

8. The Republic of Panama shall not issue, adopt or enforce any law, decree, regulation, or international agreement or take any other action which purports to regulate or would otherwise interfere with the exercise on the part of the United States of America of any right granted under this Treaty or related agreements.

9. Vessels transiting the Canal, and cargo, passengers and crews carried on such vessels shall be exempt from any taxes, fees, or other charges by the Republic of Panama. However, in the event such vessels call at a Panamanian port, they may be assessed charges incident thereto, such as charges for services provided to the vessel. The Republic of Panama may also require the passengers and crew disembarking from such vessels to pay such taxes, fees and charges as are established under Panamanian law for persons entering its territory. Such taxes, fees and charges shall be assessed on a nondiscriminatory basis.

10. The United States of America and the Republic of Panama will cooperate in taking such steps as may from time to time be necessary to guarantee the security of the Panama Canal Commission, its property, its employees and their dependents, and their property, the Forces of the United States of America and the members thereof, the civilian component of the United States Forces, the dependents of members of the Forces and the civilian component, and their property, and the contractors of the Panama Canal Commission and of the United States Forces, their dependents, and their property. The Republic of Panama will seek from its Legislative Branch such legislation as may be needed to carry out the foregoing purposes and to punish any offenders.

11. The Parties shall conclude an agreement whereby nationals of either State, who are sentenced by the courts of the other State, and who are not domiciled therein, may elect to

serve their sentences in their State of nationality.

Article X

Employment With the Panama Canal Commission

1. In exercising its rights and fulfilling its responsibilities as the employer, the United States of America shall establish employment and labor regulations which shall contain the terms, conditions and prerequisites for all categories of employees of the Panama Canal Commission. These regulations shall be provided to the Republic of Panama prior to their entry into force.

2. (a) The regulations shall establish a system of preference when hiring employees, for Panamanian applicants possessing the skills and qualifications required for employment by the Panama Canal Commission. The United States of America shall endeavor to ensure that the number of Panamanian nationals employed by the Panama Canal Commission in relation to the total number of its employees will conform to the proportion established for foreign enterprises under the law of the Republic of Panama.

(b) The terms and conditions of employment to be established will in general be no less favorable to persons already employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty, than those in effect immediately prior to that date.

3. (a) The United States of America shall establish an employment policy for the Panama Canal Commission that shall generally limit the recruitment of personnel outside the Republic of Panama to persons possessing requisite skills and qualifications which are not available in the Republic of Panama.

(b) The United States of America will establish training programs for Panamanian employees and apprentices in order to increase the number of Panamanian nationals qualified to assume positions with the Panama Canal Commission, as positions become available.

(c) Within five years from the entry into force of this Treaty, the number of United States nationals employed by the Panama Canal Commission who were previously employed by the Panama Canal Company shall be at least twenty percent less than the total number of United States nationals working for the Panama Canal Company immediately prior to the entry into force of this Treaty.

(d) The United States of America shall periodically inform the Republic of Panama, through the Coordinating Committee, established pursuant to the Agreement in Implementation of Article III of this Treaty, of available positions within the Panama Canal Commission. The Republic of Panama shall similarly provide the United States of America any information it may have as to the availability of Panamanian nationals claiming to have skills and qualifications that might be required by the Panama Canal Commission, in order that the United States of America may take this information into account.

4. The United States of America will establish qualification standards for skills, training and experience required by the Panama Canal Commission. In establishing such standards, to the extent they include a requirement for a professional license, the United States of America, without prejudice to its right to require additional professional skills and qualifications, shall recognize the professional licenses issued by the Republic of Panama.

5. The United States of America shall establish a policy for the periodic rotation, at a maximum of every five years, of United States citizen employees and other non-Panamanian employees, hired after the entry into force of this Treaty. It is recognized that certain exceptions to the said policy of rotation may be made for sound administrative reasons, such as in the case of employees holding positions requiring certain non-transferable or non-recruitable skills.

6. With regard to wages and fringe benefits, there shall be no discrimination on the basis of nationality, sex, or race. Payments by the Panama Canal Commission of additional remuneration, or the provision of other benefits, such as home leave benefits, to United States nationals employed prior to entry into force of this Treaty, or to persons of any nationality, including Panamanian nationals who are thereafter recruited outside of the Republic of Panama and who change their place of residence, shall not be considered to be discrimination for the purpose of this paragraph.

7. Persons employed by the Panama Canal Company or Canal Zone Government prior to

the entry into force of this Treaty, who are displaced from their employment as a result of the discontinuance by the United States of America of certain activities pursuant to this Treaty, will be placed by the United States of America, to the maximum extent feasible, in other appropriate jobs with the Government of the United States in accordance with United States Civil Service regulations. For such persons who are not United States nationals, placement efforts will be confined to United States Government activities located within the Republic of Panama. Likewise, persons previously employed in activities for which the Republic of Panama assumes responsibility as a result of this Treaty will be continued in their employment to the maximum extent feasible by the Republic of Panamà. The Republic of Panama shall, to the maximum extent feasible, ensure that the terms and conditions of employment applicable to personnel employed in the activities for which it assumes responsibility are no less favorable than those in effect immediately prior to the entry into force of this Treaty. Non-United States nationals employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty who are involuntarily separated from their positions because of the discontinuance of an activity by reason of this Treaty, who are not entitled to an immediate annuity under the United States Civil Service Retirement System, and for whom continued employment in the Republic of Panama by the Government of the United States of America is not practicable, will be provided special job placement assistance by the Republic of Panama for employment in positions for which they may be qualified by experience and training.

8. The Parties agree to establish a system whereby the Panama Canal Commission may, if deemed mutually convenient or desirable by the two Parties, assign certain employees of the Panama Canal Commission, for a limited period of time, to assist in the operation of activities transferred to the responsibility of the Republic of Panama as a result of this Treaty or related agreements. The salaries and other costs of employment of any such persons assigned to provide such assistance shall be reimbursed to the United States of America by the Republic of Panama.

9. (a) The right of employees to negotiate collective contracts with the Panama Canal Commission is recognized. Labor relations with employees of the Panama Canal Commission shall be conducted in accordance with forms of collective bargaining established by the United States of America after consultation with employee unions.

(b) Employee unions shall have the right to affiliate with international labor organizations.

10. The United States of America will provide an appropriate early optional retirement program for all persons employed by the Panama Canal Company or Canal Zone Government immediately prior to the entry into force of this Treaty. In this regard, taking into account the unique circumstances created by the provisions of this Treaty, including its duration, and their effect upon such employees, the United States of America shall, with respect to them:

(a) determine that conditions exist which invoke applicable United States law permitting early retirement annuities and apply such law for a substantial period of the duration of the Treaty;

(b) seek special legislation to provide more liberal entitlement to, and calculation of, retirement annuities than is currently provided for by law.

Article XI

Provisions for the Transition Period

1. The Republic of Panama shall reassume plenary jurisdiction over the former Canal Zone upon entry into force of this Treaty and in accordance with its terms. In order to provide for an orderly transition to the full application of the jurisdictional arrangements established by this Treaty and related agreements, the provisions of this Article shall become applicable upon the date this Treaty enters into force, and shall remain in effect for thirty calendar months. The authority granted in this Article to the United States of America for this transition period shall supplement, and is not intended to limit, the full application and effect of the rights and authority granted to the United States of America elsewhere in this Treaty and in related agreements.

2. During this transition period, the criminal and civil laws of the United States of America

shall apply concurrently with those of the Republic of Panama in certain of the areas and installations made available for the use of the United States of America pursuant to this Treaty, in accordance with the following provisions:

(a) The Republic of Panama permits the authorities of the United States of America to have the primary right to exercise criminal jurisdiction over United States citizen employees of the Panama Canal Commission and their dependents, and members of the United States Forces and civilian component and their dependents, in the following cases:

(i) for any offense committed during the transition period within such areas and installations, and

(ii) for any offense committed prior to that period in the former Canal Zone.

The Republic of Panama shall have the primary right to exercise jurisdiction over all other offenses committed by such persons, except as otherwise provided in this Treaty and related agreements or as may be otherwise agreed.

(b) Either Party may waive its primary right to exercise jurisdiction in a specific case or category of cases.

3. The United States of America shall retain the right to exercise jurisdiction in criminal cases relating to offenses committed prior to the entry into force of this Treaty in violation of the laws applicable in the former Canal Zone.

4. For the transition period, the United States of America shall retain police authority and maintain a police force in the aforementioned areas and installations. In such areas, the police authorities of the United States of America may take into custody any person not subject to their primary jurisdiction if such person is believed to have committed or to be committing an offense against applicable laws or regulations, and shall promptly transfer custody to the police authorities of the Republic of Panama. The United States of America and the Republic of Panama shall establish joint police patrols in agreed areas. Any arrests conducted by a joint patrol shall be the responsibility of the patrol member or members representing the Party having primary jurisdiction over the person or persons arrested.

5. The courts of the United States of America and related personnel, functioning in the former Canal Zone immediately prior to the entry into force of this Treaty, may continue to function during the transition period for the judicial enforcement of the jurisdiction to be exercised by the United States of America in accordance with this Article.

6. In civil cases, the civilian courts of the United States of America in the Republic of Panama shall have no jurisdiction over new cases of a private civil nature, but shall retain full jurisdiction during the transition period to dispose of any civil cases, including admiralty cases, already instituted and pending before the courts prior to the entry into force of this Treaty.

7. The laws, regulations, and administrative authority of the United States of America applicable in the former Canal Zone immediately prior to the entry into force of this Treaty shall, to the extent not inconsistent with this Treaty and related agreements, continue in force for the purpose of the exercise by the United States of America of law enforcement and judicial jurisdiction only during the transition period. The United States of America may amend, repeal or otherwise change such laws, regulations and administrative authority. The two Parties shall consult concerning procedural and substantive matters relative to the implementation of this Article, including the disposition of cases pending at the end of the transition period and, in this respect, may enter into appropriate agreements by an exchange of notes or other instrument.

8. During this transition period, the United States of America may continue to incarcerate individuals in the areas and installations made available for the use of the United States of America by the Republic of Panama pursuant to this Treaty and related agreements, or to transfer them to penal facilities in the United States of America to serve their sentences.

Article XII

A Sea-Level Canal or a Third Lane of Locks

1. The United States of America and the Republic of Panama recognize that a sea-level canal may be important for international navigation in the future. Consequently, during the duration of this Treaty, both Parties commit themselves to study jointly the feasibility of a

sea-level canal in the Republic of Panama, and in the event they determine that such a waterway is necessary, they shall negotiate terms, agreeable to both Parties, for its construction.

2. The United States of America and the Republic of Panama agree on the following:

(a) No new interoceanic canal shall be constructed in the territory of the Republic of Panama during the duration of this Treaty, except in accordance with the provisions of this Treaty, or as the two Parties may otherwise agree; and

(b) During the duration of this Treaty, the United States of America shall not negotiate with third States for the right to construct an interoceanic canal on any other route in the Western Hemisphere, except as the two Parties may otherwise agree.

3. The Republic of Panama grants to the United States of America the right to add a third lane of locks to the existing Panama Canal. This right may be exercised at any time during the duration of this Treaty, provided that the United States of America has delivered to the Republic of Panama copies of the plans for such construction.

4. In the event the United States of America exercises the right granted in paragraph 3 above, it may use for that purpose, in addition to the areas otherwise made available to the United States of America pursuant to this Treaty, such other areas as the two Parties may agree upon. The terms and conditions applicable to Canal operating areas made available by the Republic of Panama for the use of the United States of America pursuant to Article III of this Treaty shall apply in a similar manner to such additional areas.

5. In the construction of the aforesaid works, the United States of America shall not use nuclear excavation techniques without the previous consent of the Republic of Panama.

Article XIII

Property Transfer and Economic Participation by the Republic of Panama

1. Upon termination of this Treaty, the Republic of Panama shall assume total responsibility for the management, operation, and maintenance of the Panama Canal, which shall be turned over in operating condition and free of liens and debts, except as the two Parties may otherwise agree.

2. The United States of America transfers, without charge, to the Republic of Panama all right, title and interest the United States of America may have with respect to all real property, including non-removable improvements thereon, as set forth below:

(a) Upon the entry into force of this Treaty, the Panama Railroad and such property that was located in the former Canal Zone but that is not within the land and water areas the use of which is made available to the United States of America pursuant to this Treaty. However, it is agreed that the transfer on such date shall not include buildings and other facilities, except housing, the use of which is retained by the United States of America pursuant to this Treaty and related agreements, outside such areas;

(b) Such property located in an area or a portion thereof at such time as the use by the United States of America of such area or portion thereof ceases pursuant to agreement between the two Parties.

(c) Housing units made available for occupancy by members of the Armed Forces of the Republic of Panama in accordance with paragraph 5(b) of Annex B to the Agreement in Implementation of Article IV of this Treaty at such time as such units are made available to the Republic of Panama.

(d) Upon termination of this Treaty, all real property and non-removable improvements that were used by the United States of America for the purposes of this Treaty and related agreements and equipment related to the management, operation and maintenance of the Canal remaining in the Republic of Panama.

3. The Republic of Panama agrees to hold the United States of America harmless with respect to any claims which may be made by third parties relating to rights, title and interest in such property.

4. The Republic of Panama shall receive, in addition, from the Panama Canal Commission a just and equitable return on the national resources which it has dedicated to the efficient management, operation, maintenance, protection and defense of the Panama Canal, in accordance with the following:

(a) An annual amount to be paid out of Canal operating revenues computed at a rate of

thirty hundredths of a United States dollar ($0.30) per Panama Canal net ton, or its equivalency, for each vessel transiting the Canal after the entry into force of this Treaty, for which tolls are charged. The rate of thirty hundredths of a United States dollar ($0.30) per Panama Canal net ton, or its equivalency, will be adjusted to reflect changes in the United States wholesale price index for total manufactured goods during biennial periods. The first adjustment shall take place five years after entry into force of this Treaty, taking into account the changes that occurred in such price index during the preceding two years. Thereafter, successive adjustments shall take place at the end of each biennial period. If the United States of America should decide that another indexing method is preferable, such method shall be proposed to the Republic of Panama and applied if mutually agreed.

(b) A fixed annuity of ten million United States dollars ($10,000,000) to be paid out of Canal operating revenues. This amount shall constitute a fixed expense of the Panama Canal Commission.

(c) An annual amount of up to ten million United States dollars ($10,000,000) per year, to be paid out of Canal operating revenues to the extent that such revenues exceed expenditures of the Panama Canal Commission including amounts paid pursuant to this Treaty. In the event Canal operating revenues in any year do not produce a surplus sufficient to cover this payment, the unpaid balance shall be paid from operating surpluses in future years in a manner to be mutually agreed.

Article XIV

Settlement of Disputes

In the event that any question should arise between the Parties concerning the interpretation of this Treaty or related agreements, they shall make every effort to resolve the matter through consultation in the appropriate committees established pursuant to this Treaty and related agreements, or, if appropriate, through diplomatic channels. In the event the Parties are unable to resolve a particular matter through such means, they may, in appropriate cases, agree to submit the matter to conciliation, mediation, arbitration, or such other procedure for the peaceful settlement of the dispute as they may mutually deem appropriate.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

Annex

Procedures for the Cessation or Transfer of Activities Carried Out by the Panama Canal Company and the Canal Zone Government and Illustrative List of the Functions That May Be Performed by the Panama Canal Commission

1. The laws of the Republic of Panama shall regulate the exercise of private economic activities within the areas made available by the Republic of Panama for the use of the United States of America pursuant to this Treaty. Natural or juridical persons who, at least six months prior to the date of signature of this Treaty, were legally established and engaged in the exercise of economic activities in the former Canal Zone, may continue such activities in accordance with the provisions of paragraphs 2–7 of Article IX of this Treaty.

2. The Panama Canal Commission shall not perform governmental or commercial functions as stipulated in paragraph 4 of this Annex, provided, however, that this shall not be deemed to limit in any way the right of the United States of America to perform those functions that may be necessary for the efficient management, operation and maintenance of the Canal.

3. It is understood that the Panama Canal Commission, in the exercise of the rights of the United States of America with respect to the management, operation and maintenance of the Canal, may perform functions such as are set forth below by way of illustration:

a. Management of the Canal enterprise.

b. Aids to navigation in Canal waters and in proximity thereto.

c. Control of vessel movement.

d. Operation and maintenance of the locks.

e. Tug service for the transit of vessels and dredging for the piers and docks of the Panama Canal Commission.

f. Control of the water levels in Gatun, Alajuela (Madden) and Miraflores Lakes.

g. Non-commercial transportation services in Canal waters.

h. Meteorological and hydrographic services.

i. Admeasurement.

j. Non-commercial motor transport and maintenance.

k. Industrial security through the use of watchmen.

l. Procurement and warehousing.

m. Telecommunications.

n. Protection of the environment by preventing and controlling the spillage of oil and substances harmful to human or animal life and of the ecological equilibrium in areas used in operation of the Canal and the anchorages.

o. Non-commercial vessel repair.

p. Air conditioning services in Canal installations.

q. Industrial sanitation and health services.

r. Engineering design, construction and maintenance of Panama Canal Commission installations.

s. Dredging of the Canal channel, terminal ports and adjacent waters.

t. Control of the banks and stabilizing of the slopes of the Canal.

u. Non-commercial handling of cargo on the piers and docks of the Panama Canal Commission.

v. Maintenance of public areas of the Panama Canal Commission, such as parks and gardens.

w. Generation of electric power.

x. Purification and supply of water.

y. Marine salvage in Canal waters.

z. Such other functions as may be necessary or appropriate to carry out, in conformity with this Treaty and related agreements, the rights and responsibilities of the United States of America with respect to the management, operation and maintenance of the Panama Canal.

4. The following activities and operations carried out by the Panama Canal Company and the Canal Zone Government shall not be carried out by the Panama Canal Commission, effective upon the dates indicated herein:

(a) Upon the date of entry into force of this Treaty:

(i) Wholesale and retail sales, including those through commissaries, food stores, department stores, optical shops and pastry shops;

(ii) The production of food and drink, including milk products and bakery products;

(iii) The operation of public restaurants and cafeterias and the sale of articles through vending machines;

(iv) The operation of movie theaters, bowling alleys, pool rooms and other recreational and amusement facilities for the use of which a charge is payable;

(v) The operation of laundry and dry cleaning plants other than those operated for official use;

(vi) The repair and service of privately owned automobiles or the sale of petroleum or lubricants thereto, including the operation of gasoline stations, repair garages and tire repair and recapping facilities, and the repair and service of other privately owned property, including appliances, electronic devices, boats, motors, and furniture;

(vii) The operation of cold storage and freezer plants other than those operated for official use;

(viii) The operation of freight houses other than those operated for official use;

(ix) The operation of commercial services to and supply of privately owned and operated vessels, including the construction of vessels, the sale of petroleum and lubricants and the provision of water, tug services not related to the Canal or other United States Government operations, and repair of such vessels, except in situations where repairs may be necessary to remove disabled vessels from the Canal;

(x) Printing services other than for official use;

(xi) Maritime transportation for the use of the general public;

(xii) Health and medical services provided to individuals, including hospitals, leprosariums, veterinary, mortuary and cemetery services;

(xiii) Educational services not for professional training, including schools and libraries;

(xiv) Postal services;

(xv) Immigration, customs and quarantine controls, except those measures necessary to ensure the sanitation of the Canal;

(xvi) Commercial pier and dock services, such as the handling of cargo and passengers; and

(xvii) Any other commercial activity of a similar nature, not related to the management, operation or maintenance of the Canal.

(b) Within thirty calendar months from the date of entry into force of this Treaty, governmental services such as:

(i) Police;

(ii) Courts; and

(iii) Prison system.

5. (a) With respect to those activities or functions described in paragraph 4 above, or otherwise agreed upon by the two Parties, which are to be assumed by the Government of the Republic of Panama or by private persons subject to its authority, the two Parties shall consult prior to the discontinuance of such activities or functions by the Panama Canal Commission to develop appropriate arrangements for the orderly transfer and continued efficient operation or conduct thereof.

(b) In the event that appropriate arrangements cannot be arrived at to ensure the continued performance of a particular activity or function described in paragraph 4 above which is necessary to the efficient management, operation or maintenance of the Canal, the Panama Canal Commission may, to the extent consistent with the other provisions of this Treaty and related agreements, continue to perform such activity or function until such arrangements can be made.

AGREED MINUTE
TO THE PANAMA CANAL TREATY

1. With reference to paragraph 1(c) of Article I (Abrogation of Prior Treaties and Establishment of a New Relationship), it is understood that the treaties, conventions, agreements and exchanges of notes, or portions thereof, abrogated and superseded thereby include:

(a) The Agreement delimiting the Canal Zone referred to in Article II of the Interoceanic Canal Convention of November 18, 1903 signed at Panama on June 15, 1904.

(b) The Boundary Convention signed at Panama on September 2, 1914.

(c) The Convention regarding the Colon Corridor and certain other corridors through the Canal Zone signed at Panama on May 24, 1950.

(d) The Trans-Isthmian Highway Convention signed at Washington on March 2, 1936, the Agreement supplementing that Convention entered into through an exchange of notes signed at Washington on August 31, and September 6, 1940, and the arrangement between the United States of America and Panama respecting the Trans-Isthmian Joint Highway Board, entered into through an exchange of notes at Panama on October 19 and 23, 1939.

(e) The Highway Convention between the United States and Panama signed at Panama on September 14, 1950.

(f) The Convention regulating the transit of alcoholic liquors through the Canal Zone signed at Panama on March 14, 1932.

(g) The Protocol of an Agreement restricting use of Panama and Canal Zone waters by belligerents signed at Washington on October 10, 1914.

(h) The Agreement providing for the reciprocal recognition of motor vehicle license plates in Panama and the Canal Zone entered into through an exchange of notes at Panama on December 7 and December 12, 1950, and the Agreement establishing procedures for the reciprocal recognition of motor vehicle operator's licenses in the Canal Zone and Pamana entered into through an exchange of notes at Panama on October 31, 1960.

(i) The General Relations Agreement entered into through an exchange of notes at Washington on May 18, 1942.

(j) Any other treaty, convention, agreement or exchange of notes between the United States and the Republic of Panama, or portions thereof, concerning the Panama Canal which was entered into prior to the entry into force of the Panama Canal Treaty.

2. It is further understood that the following treaties, conventions, agreements and exchanges of notes between the two Parties are not affected by paragraph 1 of Article I of the Panama Canal Treaty:

(a) The Agreement confirming the cooperative agreement between the PanamanianMinistry of Agriculture and Livestock and the United States Department of Agriculture for the prevention of foot-and-mouth disease and rinderpest in Panama, entered into by an exchange of notes signed at Panama on June 21 and October 5, 1972, and amended May 28 and June 12, 1974.

(b) The Loan Agreement to assist Panama in executing public marketing programs in basic grains and perishables, with annex, signed at Panama on September 10, 1975.

(c) The Agreement concerning the regulation of commercial aviation in the Republic of Panama, entered into by an exchange of notes signed at Panama on April 22, 1929.

(d) The Air Transport Agreement signed at Panama on March 31, 1949, and amended May 29 and June 3, 1952, June 5, 1967, December 23, 1974, and March 6, 1975.

(e) The Agreement relating to the establishment of headquarters in Panama for a civil aviation technical assistance group for the Latin American area, entered into by an exchange of notes signed at Panama on August 8, 1952.

(f) The Agreement relating to the furnishing by the Federal Aviation Agency of certain services and materials for air navigation aids, entered into by an exchange of notes signed at Panama on December 5, 1967 and February 22, 1968.

(g) The Declaration permitting consuls to take note in person, or by authorized representatives, of declarations of values of exports made by shippers before customs officers, entered into by an exchange of notes signed at Washington on April 17, 1913.

(h) The Agreement relating to customs privileges for consular officers, entered into by an exchange of notes signed at Panama on January 7 and 31, 1935.

(i) The Agreement relating to the sale of military equipment, materials, and services to Panama, entered into by an exchange of notes signed at Panama on May 20, 1959.

(j) The Agreement relating to the furnishing of defense articles and services to Panama for the purpose of contributing to its internal security, entered into by an exchange of notes signed at Panama on March 26 and May 23, 1962.

(k) The Agreement relating to the deposit by Panama of ten per cent of the value of grant military assistance and excess defense articles furnished by the United States, entered into by an exchange of notes signed at Panama on April 4 and May 9, 1972.

(l) The Agreement concerning payment to the United States of net proceeds from the sale of defense articles furnished under the military assistance program, entered into by an exchange of notes signed by Panama on May 20 and December 6, 1974.

(m) The General Agreement for Technical and Economic Cooperation, signed at Panama on December 11, 1961.

(n) The Loan Agreement relating to the Panama City water supply system, with annex, signed at Panama on May 6, 1969, and amended September 30, 1971.

(o) The Loan Agreement for rural municipal development in Panama, signed at Panama on November 28, 1975.

(p) The Loan Agreement relating to a project for the modernization, restructuring and reorientation of Panama's educational programs, signed at Panama on November 19, 1975.

(q) The Treaty providing for the extradition of criminals, signed at Panama on May 25, 1904.

(r) The Agreement relating to legal tender and fractional silver coinage by Panama, entered into by an exchange of notes signed at Washington and New York on June 20, 1904, and amended March 26 and April 2, 1930, May 28 and June 6, 1931, March 2, 1936, June 17, 1946, May 9 and 24, 1950, September 11 and October 22, 1953, August 23 and October 25, 1961, and September 26 and October 23, 1962.

(s) The Agreement for enlargement and use by Canal Zone of sewerage facilities in Colon Free Zone Area, entered into by an exchange of notes signed at Panama on March 8 and 25, 1954.

(t) The Agreement relating to the construction of the inter-American highway, entered into by an exchange of notes signed at Panama on May 15 and June 7, 1943.

(u) The Agreement for cooperation in the construction of the Panama segment of the Darien Gap highway, signed at Washington on May 6, 1971.

(v) The Agreement relating to investment guaranties under sec. 413(b) (4) of the Mutual Security Act of 1954, as amended, entered into by an exchange of notes signed at Washington on January 23, 1961.

(w) The Informal Arrangement relating to cooperation between the American Embassy, or Consulate, and Panamanian authorities when American merchant seamen or tourists are brought before a magistrate's court, entered into by an exchange of notes signed at Panama on September 18 and October 15, 1947.

(x) The Agreement relating to the mutual recognition of ship measurement certificates, entered into by an exchange of notes signed at Washington on August 17, 1937.

(y) The Agreement relating to the detail of a military officer to serve as adviser to the Minister of Foreign Affairs of Panama, signed at Washington on July 7, 1942, and extended and amended February 17, March 23, September 22 and November 6, 1959; March 26 and July 6, 1962, and September 20 and October 8, 1962.

(z) The Agreement relating to the exchange of official publications, entered into by an exchange of notes signed at Panama on November 27, 1941 and March 7, 1942.

(aa) The Convention for the Prevention of Smuggling of Intoxicating Liquors, signed at Washington on June 6, 1924.

(bb) The Arrangement providing for relief from double income tax on shipping profits, entered into by an exchange of notes signed at Washington on January 15, February 8, and March 28, 1941.

(cc) The Agreement for withholding of Panamanian income tax from compensation paid to Panamanians employed within Canal Zone by the canal, railroad, or auxiliary works, entered into by an exchange of notes signed at Panama on August 12, and 30, 1963.

(dd) The Agreement relating to the withholding of contributions for educational insurance from salaries paid to certain Canal Zone employees, entered into by an exchange of notes signed at Panama on September 8 and October 13, 1972.

(ee) The Agreement for radio communications between amateur stations on behalf of third parties, entered into by an exchange of notes signed at Panama on July 19 and August 1, 1956.

(ff) The Agreement relating to the granting of reciprocal authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, entered into by an exchange of notes signed at Panama on November 16, 1966.

(gg) The Convention facilitating the work of traveling salesmen, signed at Washington on February 8, 1919.

(hh) The Reciprocal Agreement for gratis nonimmigrant visas, entered into by an exchange of notes signed at Panama on March 27 and May 22 and 25, 1956.

(ii) The Agreement modifying the Agreement on March 27 and May 22 and 25, 1956 for gratis nonimmigrant visas, entered into by an exchange of notes signed at Panama on June 14 and 17, 1971.

(jj) Any other treaty, convention, agreement or exchange of notes, or portions thereof, which does not concern the Panama Canal and which is in force immediately prior to the entry into force of the Panama Canal Treaty.

3. With reference to paragraph 2 of Article X (Employment with the Panama Canal Commission), concerning the endeavor to ensure that the number of Panamanian nationals employed in relation to the total number of employees will conform to the proportion established under Panamanian law for foreign business enterprises, it is recognized that progress in this regard may require an extended period in consonance with the concept of a growing and orderly Panamanian participation, through training programs and otherwise, and that progress may be affected from time to time by such actions as the transfer or discontinuance of functions and activities.

4. With reference to paragraph 10(a) of Article X, it is understood that the currently applicable United States law is that contained in Section 8336 of Title 5, United States Code.

5. With reference to paragraph 2 of Article XI (Transitional Provisions), the areas and installations in which the jurisdictional arrangements therein described shall apply during the transition period are as follows:

(a) The Canal operating areas and housing areas described in Annex A to the Agreement in Implementation of Article III of the Panama Canal Treaty.

(b) The Defense Sites and Areas of Military Coordination described in the Agreement in Implementation of Article IV of the Panama Canal Treaty.

(c) The Ports of Balboa and Cristobal described in Annex B of the Agreement in Implementation of Article III of the Panama Canal Treaty.

6. With reference to paragraph 4 of Article XI, the areas in which the police authorities of the Republic of Panama may conduct joint police patrols with the police authorities of the United States of America during the transition period are as follows:

(a) Those portions of the Canal operating areas open to the general public, the housing areas and the Ports of Balboa and Cristobal.

(b) Those areas of military coordination in which joint police patrols are established pursuant to the provisions of the Agreement in Implementation of Article IV of this Treaty, signed this date. The two police authorities shall develop appropriate administrative arrangements for the scheduling and conduct of such joint police patrols.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

TREATY CONCERNING THE PERMANENT NEUTRALITY AND OPERATION OF THE PANAMA CANAL

The United States of America and the Republic of Panama have agreed upon the following:

Article I

The Republic of Panama declares that the Canal, as an international transit waterway, shall be permanently neutral in accordance with the regime established in this Treaty. The same regime of neutrality shall apply to any other international waterway that may be built either partially or wholly in the territory of the Republic of Panama.

Article II

The Republic of Panama declares the neutrality of the Canal in order that both in time of peace and in time of war it shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality, so that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the Canal, and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world. The foregoing shall be subject to the following requirements:

(a) Payment of tolls and other charges for transit and ancillary services, provided they have been fixed in conformity with the provisions of Article III(c);

(b) Compliance with applicable rules and regulations, provided such rules and regulations are applied in conformity with the provisions of Article III;

(c) The requirement that transiting vessels commit no acts of hostility while in the Canal; and

(d) Such other conditions and restrictions as are established by this Treaty.

Article III

1. For purposes of the security, efficiency and proper maintenance of the Canal the following rules shall apply:

(a) The Canal shall be operated efficiently in accordance with conditions of transit through the Canal, and rules and regulations that shall be just, equitable and reasonable, and limited to those necessary for safe navigation and efficient, sanitary operation of the Canal;

(b) Ancillary services necessary for transit through the Canal shall be provided;

(c) Tolls and other charges for transit and ancillary services shall be just, reasonable, equitable and consistent with the principles of international law;

(d) As a pre-condition of transit, vessels may be required to establish clearly the financial responsibility and guarantees for payment of reasonable and adequate indemnification, consistent with international practice and standards, for damages resulting from acts or omissions of such vessels when passing through the Canal. In the case of vessels owned or operated by a State or for which it has acknowledged responsibility, a certification by that State that it shall observe its obligations under international law to pay for damages resulting from the act or omission of such vessels when passing through the Canal shall be deemed sufficient to establish such financial responsibility;

(e) Vessels of war and auxiliary vessels of all nations shall at all times be entitled to transit the Canal, irrespective of their internal operation, means of propulsion, origin, destination or armament, without being subjected, as a condition of transit, to inspection, search or surveillance. However, such vessels may be required to certify that they have complied with all applicable health, sanitation and quarantine regulations. In addition, such vessels shall be entitled to refuse to disclose their internal operation, origin, armament, cargo or destination. However, auxiliary vessels may be required to present written assurances, certified by an official at a high level of the government of the State requesting the exemption, that they are owned or operated by that government and in this case are being used only on government non-commercial service.

2. For the purposes of this Treaty, the terms "Canal," "vessel of war," "auxiliary vessel," "internal operation," "armament" and "inspection" shall have the meanings assigned them in Annex A to this Treaty.

ARTICLE IV

The United States of America and the Republic of Panama agree to maintain the regime of neutrality established in this Treaty, which shall be maintained in order that the Canal shall remain permanently neutral, notwithstanding the termination of any other treaties entered into by the two Contracting Parties.

ARTICLE V

After the termination of the Panama Canal Treaty, only the Republic of Panama shall operate the Canal and maintain military forces, defense sites and military installations within its national territory.

ARTICLE VI

1. In recognition of the important contributions of the United States of America and of the Republic of Panama to the construction, operation, maintenance, and protection and defense of the Canal, vessels of war and auxiliary vessels of those nations shall, notwithstanding any other provisions of this Treaty, be entitled to transit the Canal irrespective of their internal operation, means of propulsion, origin, destination, armament or cargo carried. Such vessels of war and auxiliary vessels will be entitled to transit the Canal expeditiously.

2. The United States of America, so long as it has responsibility for the operation of the Canal, may continue to provide the Republic of Colombia toll-free transit through the Canal for its troops, vessels and materials of war. Thereafter, the Republic of Panama may provide the Republic of Colombia and the Republic of Costa Rica with the right of toll-free transit.

ARTICLE VII

1. The United States of America and the Republic of Panama shall jointly sponsor a resolution in the Organization of American States opening to accession by all nations of the world the Protocol to this Treaty whereby all the signatories will adhere to the objectives of this Treaty, agreeing to respect the regime of neutrality set forth herein.

2. The Organization of American States shall act as the depositary for this Treaty and related instruments.

ARTICLE VIII

This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Panama Canal Treaty, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Panama Canal Treaty, six calendar months from the date of the exchange of the instruments of ratification.

DONE at Washington, this 7th day of September, 1977, in the English and Spanish languages, both texts being equally authentic.

ANNEX A

1. "Canal" includes the existing Panama Canal, the entrances thereto and the territorial seas of the Republic of Panama adjacent thereto, as defined on the map annexed hereto (Annex B),[1] and any other interoceanic waterway in which the United States of America is a participant or in which the United States of America has participated in connection with the construction or financing, that may be operated wholly or partially within the territory of the Republic of Panama, the entrances thereto and the territorial seas adjacent thereto.

2. "Vessel of war" means a ship belonging to the naval forces of a State, and bearing the external marks distinguishing warships of its nationality, under the command of an officer duly commissioned by the government and whose name appears in the Navy List, and manned by a crew which is under regular naval discipline.

3. "Auxiliary vessel" means any ship, not a vessel of war, that is owned or operated by a State and used, for the time being, exclusively on government non-commercial service.

4. "Internal operation" encompasses all machinery and propulsion systems, as well as the management and control of the vessel, including its crew. It does not include the measures necessary to transit vessels under the control of pilots while such vessels are in the Canal.

5. "Armament" means arms, ammunitions, implements of war and other equipment of a vessel which possesses characteristics appropriate for use for warlike purposes.

6. "Inspection" includes on-board examination of vessel structure, cargo, armament and internal operation. It does not include those measures strictly necessary for admeasurement, nor those measures strictly necessary to assure safe, sanitary transit and navigation, including examination of deck and visual navigation equipment, nor in the case of live cargoes, such as cattle or other livestock, that may carry communicable diseases, those measures necessary to assure that health and sanitation requirements are satisfied.

[1] Not printed here.

Bureau of Public Affairs
Office of Media Services

Released September 1977

The Department of State

Protocol to the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal

Whereas the maintenance of the neutrality of the Panama Canal is important not only to the commerce and security of the United States of America and the Republic of Panama, but to the peace and security of the Western Hemisphere and to the interests of world commerce as well;

Whereas the regime of neutrality which the United States of America and the Republic of Panama have agreed to maintain will ensure permanent access to the Canal by vessels of all nations on the basis of entire equality; and

Whereas the said regime of effective neutrality shall constitute the best protection for the Canal and shall ensure the absence of any hostile act against it;

The Contracting Parties to this Protocol have agreed upon the following:

Article I

The Contracting Parties hereby acknowledge the regime of permanent neutrality for the Canal established in the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal and associate themselves with its objectives.

Article II

The Contracting Parties agree to observe and respect the regime of permanent neutrality of the Canal in time of war as in time of peace, and to ensure that vessels of their registry strictly observe the applicable rules.

Article III

This Protocol shall be open to accession by all States of the world, and shall enter into force for each State at the time of deposit of its instrument of accession with the Secretary General of the Organization of American States.

Bureau of Public Affairs
Office of Media Services

Released September 1977

The Department of State

Selected Documents No. 6B

Bureau of Public Affairs
Office of Media Services

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DOCUMENTS IMPLEMENTING THE PANAMA CANAL TREATY

Agreement in Implementation of Article III of the Panama Canal Treaty

Whereas, pursuant to Article III of the Panama Canal Treaty, signed this date, the Republic of Panama, as territorial sovereign, grants to the United States of America the rights necessary to manage, operate, and maintain the Panama Canal,

The United States of America and the Republic of Panama have agreed upon the following:

Article I

Definitions

For the purposes of this Agreement it shall be understood that:

1. "Panama Canal Commission" (hereinafter referred to as "the Commission") means the agency or agencies of the Government of the United States responsible for carrying out the responsibilities and rights of the United States under the Panama Canal Treaty with respect to the management, operation, and maintenance of the Panama Canal.

2. "United States citizen employees" means (a) nationals of the United States, to whom United States passports have been issued, who are employed by the Commission and assigned for duty in the Republic of Panama (including employees of other civilian agencies of the United States who are on temporary duty with the Commission or are otherwise visiting the area on official business of the United States), and (b) other categories of persons which may be agreed upon by the two Parties.

3. "Dependents" means the spouse and children of United States citizen employees, and other relatives who depend on them for their subsistence and who habitually live with them under the same roof.

Article II

Coordinating Committee

1. A Coordinating Committee shall be established upon the entry into force of this Agreement to be composed of one representative of the United States and one representative of the Republic of Panama, of equal authority within the Committee, each of whom may have one or more deputies, on a parity basis.

2. The Coordinating Committee shall perform the functions specifically indicated by the provisions of this Agreement, and others entrusted to it by both Governments concerning implementation of this Agreement.

3. The Coordinating Committee shall establish its rules of procedure within the spirit of this Agreement and may designate such subcommittees as it may deem necessary for the fulfillment of its functions.

4. The Coordinating Committee shall be organized so that it may meet promptly and at any time upon request of the representative of the United States or of the Republic of Panama. The Coordinating Committee shall send periodic reports on its activities to the Governments of the United States and the Republic of Panama.

5. The Coordinating Committee shall refer any matters which it has not been able to resolve to the two Governments for their consideration through appropriate channels.

Article III

Use of Land and Water Areas

1. Canal Operating Areas: With respect to the areas and installations described in paragraph 1 of Annex A of this Agreement (hereinafter referred

to as the "Canal operating areas"), the following provisions will be applicable:

(a) The United States shall have the right to use such areas and installations for the purposes of exercising its rights and fulfilling its responsibilities, under the Panama Canal Treaty and related agreements, concerning the management, operation and maintenance of the Panama Canal, and for such other purposes as the two Parties may agree upon.

(b) The United States shall have the right to use any portion of the Canal operating areas for military training, when such use is determined by the United States to be compatible with continued efficient operation of the Panama Canal.

2. Housing Areas: The areas and installations set forth in paragraph 2 of Annex A of this Agreement (hereinafter referred to as "housing areas") shall be dedicated to the primary purpose of housing United States citizen employees and dependents. The housing areas shall be administered in accordance with the regime of civil coordination established in Article VI of this Agreement.

3. Accessory Facilities and Installations: The United States may continue to use those accessory facilities or installations used in connection with the management, operation and maintenance of the Canal on the date this Agreement enters into force, but which are located outside the areas and installations otherwise made available for the use of the United States pursuant to the Panama Canal Treaty. A description of such facilities is set forth in paragraph 3 of Annex A to this Agreement. The United States, at its expense, may maintain, improve, replace, expand or remove these facilities and installations. The United States shall have unimpeded access to these and all other facilities and installations used in connection with the management, operation, or maintenance of the Canal.

4. Anchorages: The United States shall have free and unimpeded access to and use of the anchorages described in paragraph 4 of Annex A, for the purposes of exercising its rights and fulfilling its responsibilities concerning the movement and anchoring of vessels under the Panama Canal Treaty and related agreements. The United States may own, use, operate, inspect, maintain or replace equipment, facilities and navigational aids in these areas. The United States shall have the right to increase the size of the anchorages as may be necessary or convenient, within the areas described in paragraph 5 of Annex A.

5. Special Areas: Those additional land and water areas set forth in paragraph 6 of Annex A are subject to the procedures set forth in Article IV of this Agreement in order that activities incompatible with the efficient management, operation, or maintenance of the Canal shall be precluded.

6. Annex A of this Agreement shall be examined every five years or by agreement between the two Parties, and shall be revised by exchange of notes or other instrument to reflect any agreed elimination or change in areas. The United States may notify the Republic of Panama at any time that the use of an area, or of a specified portion thereof, or other right granted by the Republic of Panama, is no longer required. Under such circumstances, such use or other right shall cease on the date determined by the two Parties.

7. (a) The United States may, at any time, remove from the Republic of Panama, or, in accordance with such conditions as may be agreed upon by the two Parties, dispose of in the Republic of Panama, any equipment, material, supplies or other removable property brought into, acquired or constructed in the Republic of Panama by or for the Commission. In case of disposal within the Republic of Panama, preference will be given to the Government of the Republic of Panama.

(b) All equipment, installations, material, supplies or removable property left by the United States in an area made available under this Agreement beyond 90 days from the date the use of such area by the United States ceases shall, unless agreed otherwise by the two Parties, become the property of the Republic of Panama.

8. The Commission may employ watchmen to protect the security of selected installations within the areas made available for the use of the United States under this Agreement, it being understood that such installations do not include housing or other installations not devoted to the management, operation or maintenance of the Panama Canal. Such watchmen shall not have powers of arrest or other general police powers. They may, however, temporarily detain persons believed to be committing or to have just committed an offense against applicable laws or regulations, and shall promptly transfer custody to the appropriate police authorities. The Commission shall provide to the authorities of the Republic of Panama through the Coordinating Committee a list identifying the individuals employed by it as watchmen, and shall promptly notify the

Republic of Panama of any changes in such list. In the performance of their duties, such watchmen shall not bear firearms except handguns.

9. The Coordinating Committee shall constitute the means of communication and information between the two Parties with regard to matters pertaining to the implementation of this Article.

Article IV

Licensing of Other Land Uses

1. Without prejudice to the rights of the United States concerning use of areas and installations within the Republic of Panama under the Panama Canal Treaty and related agreements, the areas and installations set forth in Annex A may be used for other purposes compatible with the continuous efficient management, operation and maintenance of the Panama Canal, under land use licenses to be issued by the Republic of Panama in accordance with the following procedure:

(a) The Republic of Panama shall refer to the Coordinating Committee any requests it may receive from private concerns, or from agencies of the Republic of Panama, to undertake specific activities within the areas subject to this procedure.

(b) If the United States and the Republic of Panama, acting through the Coordinating Committee, determine that the proposed use, including its terms and conditions, is compatible with the continuous efficient management, operation and maintenance of the Panama Canal, the Republic of Panama shall issue a revocable land license for the specific use agreed upon. The United States must approve the license, in writing, before it becomes effective.

2. The Republic of Panama may terminate the land license for reasons arising under its laws.

3. At any time that the United States decides that a licensed land use is no longer compatible with the continuous efficient management, operation, or maintenance of the Panama Canal, or that the licensed area is necessary for a Panama Canal Treaty-related purpose, it may withdraw its concurrence in the land license, at which time the Republic of Panama shall cause the license to be terminated.

4. In the event that the United States withdraws its concurrence in a land license issued under the procedure established in this Article, the Republic of Panama shall take all measures necessary to ensure that the area is promptly vacated, in accordance with such rules as may be established by the two Parties through the Coordinating Committee.

5. The provisions of this Article shall not limit in any manner the authority of the United States to use the areas made available for its use under this Agreement, or to permit their use by its contractors, in the exercise of its rights and the fulfillment of its responsibilities under the Panama Canal Treaty and related Agreements.

Article V

Balboa and Cristobal Ports and the Panama Railroad

1. As provided in Article XIII of the Panama Canal Treaty, all right, title and interest of the United States in property, installations and equipment in the Ports of Balboa and Cristobal, the boundaries of which are set forth in paragraph 1 of Annex B of this Agreement, is transferred without charge to the Republic of Panama.

2. The Republic of Panama shall have the responsibility for the management, operation and maintenance of the Ports of Balboa and Cristobal, subject, however, to the following terms and conditions:

(a) The Republic of Panama shall exercise its jurisdictional rights over vessels within the lands and waters areas of the Ports of Balboa and Cristobal. Movement of vessels to or from the piers and docks of the Ports of Balboa and Cristobal shall be subject to appropriate approval by the port authorities of the Republic of Panama.

(b) The Republic of Panama grants to the United States the following technical powers: the authority and responsibility for marine traffic control within the waters of the Canal operating areas and defense sites and within the ports of Balboa and Cristobal and to or from and within the anchorages and emergency beaching areas. Such authority and responsibility of the United States includes the right to require that vessels moving in such waters be under the direction of Commission pilots.

(c) The United States may use, for the management, operation, maintenance, protection and de-

fense of the Canal, those port installations and equipment managed, operated, and maintained by the Republic of Panama which are described in paragraph 2 of Annex B of this Agreement. The Republic of Panama shall maintain such port installations and equipment in efficient operating condition.

(d) The United States is guaranteed use of the Port installations described in paragraph 3 of Annex B of this Agreement for normal maintenance of its equipment, in accordance with schedules established by the Commission or, when necessary for emergency repairs, at any time. The United States may use its employees to perform services in such installations. United States use of such installations and equipment shall be free of cost other than reimbursement for labor and services provided to the United States at rates which shall not exceed those charged the most favored customer on a commercial basis.

(e) In order to facilitate the optimum scheduling of vessel transits, the Republic of Panama shall ensure that vessels transiting the Canal receive port services at Balboa and Cristobal on a priority basis.

(f) The Republic of Panama shall control and supervise the activities to be carried out under its responsibility in the Ports of Balboa and Cristobal to ensure that such activities are compatible with the efficient management, operation, maintenance, protection and defense of the Canal. The Republic of Panama shall take the measures necessary to prevent, or to terminate, any activity that is incompatible with such purposes.

(g) In the event of emergencies relating to the protection and defense of the Canal, the Republic of Panama shall, at the request of the United States, make the installations and equipment of the Naval Industrial Reserve Shipyard available, without delay, to the United States for as long as may be necessary. In any such case, the United States shall reimburse the Republic of Panama for labor or services provided to it at rates which shall not exceed those charged the most favored customer on a commercial basis.

3. As provided in Article XIII of the Panama Canal Treaty, all right, title and interest of the United States in the property, installations and equipment of the Panama Railroad is transferred without charge to the Republic of Panama.

4. The Republic of Panama shall have the responsibility for the management, operation, and maintenance of the Panama Railroad (hereinafter referred to as "the Railroad"), subject, however, to the following terms and conditions:

(a) The Republic of Panama shall maintain the Railroad in efficient operating condition. The Railroad will continue to provide the levels and frequency of service necessary for efficient management, operation, and maintenance, and effective protection and defense of the Canal.

(b) The United States shall have the right to use and maintain the existing installations, including the 44KV electrical transmission lines and towers, and to construct, use and maintain additional installations along the Railroad right of way, and may have access thereto for such purposes.

(c) The Republic of Panama shall permit the United States to use the Railroad and its equipment, on a priority basis, for the purposes of maintaining such transmission lines and other installations, and of transporting equipment, supplies and personnel related to the management, operation, maintenance, or protection and defense of the Canal. The United States shall pay the costs resulting from such use in accordance with rates which shall not exceed those charged by the Railroad to its most favored customer on a commercial basis.

(d) Spur tracks, sidings and related equipment serving the installations in areas made available to the United States pursuant to the Panama Canal Treaty shall remain the responsibility of the United States. Railroad access to such trackage shall be subject to the approval of the responsible United States authorities.

(e) If the Republic of Panama decides, at any time, that its continued operation of the Railroad at the minimum levels of service agreed upon by the two Parties is no longer viable, the United States shall have the right to reassume management and operation of the Railroad.

5. A Ports and Railroad Committee, to be established as a subcommittee of the Coordinating Committee in accordance with paragraph 3 of Article II of this Agreement and composed of an equal number of representatives of each Party, shall be responsible inter alia for coordination of the activities of the Panama Canal Commission and the National Port Authority of the Republic of Panama concerning the operation of the Ports of Balboa and Cristobal and the Panama Railroad, and shall have the following functions:

(a) To consider and, upon agreement, to coordinate the termination of United States rights with respect to the use of areas or installations in, or in the vicinity of, the Ports of Balboa and Cristobal which the Republic of Panama might desire to use for port activities, or with respect to the use of areas and installations appertaining to the Railroad.

(b) To consider and, upon agreement, to coordinate any change in the use of lands or waters in the Ports of Balboa and Cristobal or in areas or installations appertaining to the Railroad, or any initiation of, change in, or termination of Port or Railroad services. Consequently, changes in the use of such lands and waters and the initiation of, changes in, or termination of such services shall occur only in accordance with the decisions reached by the Ports and Railroad Committee. Until such time as the Committee agrees upon new levels and frequency of Railroad services, the levels and frequency of service scheduled for 1977 shall be maintained.

(c) To maintain adequate standards of safety, fire prevention and oil pollution. Until such time as the Committee issues new regulations, the safety, fire prevention and oil pollution standards in force prior to the entry into force of this Agreement shall remain in force.

(d) To establish procedures and mechanisms to facilitate the movement of vessels in accordance with the rights and responsibilities of the Parties set forth in paragraph 2 above.

(e) To coordinate the use by the United States of those installations specified in paragraph 3 of Annex B that are located within the Ports of Balboa and Cristobal and the activities of the National Port Authority of the Republic of Panama in these Ports.

In considering these matters, the representatives of the two Parties on the Ports and Railroad Committee shall be guided by the principle that the operation of the Ports and Railroad shall be consistent with the continued efficient management, operation, maintenance, protection and defense of the Canal.

Article VI

Regime of Civil Coordination For Housing Areas

1. As provided in Article XIII of the Panama Canal Treaty, title to all housing within the housing areas, owned by the Panama Canal Company immediately prior to the entry into force of this Agreement, is transferred to the Republic of Panama. The housing areas shall, however, continue to be dedicated, for the duration of this Agreement, to the primary purpose of housing employees of the Commission in accordance with the provisions of this Article.

2. The Republic of Panama hereby places at the disposal of the United States, without cost, the use of such housing, within the housing areas, as the United States may deem necessary for United States citizen employees and dependents throughout the duration of this Agreement. The United States may continue to manage, maintain, improve, rent and assign such housing for United States citizen employees and dependents.

3. The use of housing units beyond those required by the United States for housing United States citizen employees and dependents at the date of entry into force of this Agreement, shall pass to the Republic of Panama on that date. Within five years from the entry into force of this Agreement, the use of at least twenty percent of the housing units located in the former Canal Zone, formerly owned by the Panama Canal Company, shall have passed to the Republic of Panama. Thereafter, the use of additional units shall pass to the Republic of Panama in accordance with the following schedule:

(a) Within ten years from the entry into force of this Agreement, the use of a total of at least thirty percent of such units shall have passed.

(b) Within fifteen years, the use of a total of at least forty-five percent shall have passed.

(c) Within twenty years, the use of a total of at least sixty percent shall have passed.

4. In order to protect the interests and welfare of employees of the United States who are not United States citizen employees and who, on the date of entry into force of this Agreement, are occupying housing units, the use of which is transferred to the Republic of Panama, the Republic of Panama shall give such persons the following special treatment:

(a) The opportunity to occupy, by lease or rental, or in the event the Republic of Panama decides to sell, to acquire by purchase at reasonable prices, the units which they are occupying on the date of entry into force of this Agreement;

(b) In cases of purchase, the opportunity to obtain long-term financing arrangements.

(c) In cases where continued occupancy of a particular housing unit is not feasible, the opportunity to obtain other adequate housing within such areas at reasonable cost, on a preferential or priority basis.

5. In addition to housing its United States citizen employees and dependents, the United States may use the housing areas for other purposes related to the management, operation and maintenance of the Canal. The housing areas may also be used for other activities complementary to or compatible with the primary purpose of housing employees of the Commission under revocable land licenses to be issued in accordance with the procedures set forth in Article IV of this Agreement.

6. In coordination with the appropriate authorities of the Republic of Panama, the Commission may continue to provide public services such as maintenance of streets, sidewalks and other public areas within the housing areas. Since the utilities systems in the housing areas are fully integrated with those of the Canal, the Commission shall, on behalf of the utilities agencies of the Republic of Panama, continue to provide utilities such as power, water, and sewers to industrial and commercial enterprises and other persons in the area, other than United States citizen employees and dependents. The utilities agencies of the Republic of Panama shall be responsible for setting rates for and billing such customers, and shall reimburse the Commission for its cost in providing such services.

7. The Coordinating Committee shall serve as the channel for consultation and coordination between the two Parties with respect to matters arising under the regime of civil coordination established in this Article.

Article VII

Water Rights

1. The United States shall have unimpaired use, free of cost, of the waters of the Canal and of Alajuela (Madden), Gatun and Miraflores Lakes, and of the waters of their tributary streams, for the purposes of the management, operation and maintenance of the Panama Canal, including the generation of electric power, spilling to provide flood or pollution control, and the supplying of potable water, taking into account the needs of the Republic of Panama for potable water.

2. The United States may:

(a) Raise the surface of Alajuela (Madden) Lake to 260 feet above precise level datum (PLD) and of Gatun Lake to 100 feet above PLD, and lower the surfaces of these lakes down to elevations of 190 feet and 76 feet, respectively, for the purposes stated in paragraph 1 of this Article. The Parties shall consult and coordinate concerning the measures necessary to assure the supply of potable water to the Republic of Panama.

(b) Erect, operate, maintain, improve, expand, remove and replace rainfall and river gauging stations in the watersheds of the lakes and their tributaries, the data and information obtained from which shall be made available promptly to the Republic of Panama.

(c) Maintain and improve the saddle dams serving Gatun, Miraflores and Alajuela (Madden) Lakes and any new impoundment areas. The Republic of Panama agrees to take the necessary measures to prevent any activity that might endanger the stability of the saddle dams.

(d) Apply herbicides and conduct other water weed control and sanitation programs in the lakes, their watershed and tributaries. In the conduct of these programs the United States shall take into account the environmental protection and water standards of the Republic of Panama to the extent feasible and consistent with the efficient management, operation and maintenance of the Canal.

(e) Conduct flood control operations, to include periodic flushing of the rivers, and a routine maintenance program up to the 100 foot contour line along the Chagres River between Gamboa and Madden Dam, and up to the 30 foot contour line along the Chagres River between Gatun Dam and the Caribbean Sea.

(f) Use such land and water areas as may be necessary for the purpose of constructing new dams, including the proposed Trinidad, Manguito Point, and Panama Railroad Causeway dams, and impounding such water as may be required to develop and regulate the water supply of the Canal for the purposes stated in paragraph 1 of this Article. If new dams are constructed in accordance with this Agreement, any generation of electric power in connection with such dams shall be the prerogative of the Republic of Panama in the manner agreed upon between the two Parties.

3. The Republic of Panama shall take the necessary measures to ensure that any other land or water use

of the Canal's watershed will not deplete the water supply necessary for the continuous efficient management, operation or maintenance of the Canal, and shall not interfere with the water use rights of the United States in the Canal's watershed.

Article VIII

Social Security

1. Concerning Social Security and retirement benefits applicable to employees of the Commission who are not United States citizen employees, the following provisions shall apply:

(a) Such persons who are employed by the Commission subsequent to the entry into force of this Agreement shall, as of their date of employment, be covered by the Social Security System of the Republic of Panama.

(b) Such persons who were employed prior to the entry into force of this Agreement by the Panama Canal Company or Canal Zone Government and who were covered under the Civil Service Retirement System of the United States shall continue to be covered by that system until their retirement or until the termination of their employment with the Commission for any other reason.

(c) The Commission shall collect and transfer in a timely manner to the Social Security System of the Republic of Panama the employer's and employees' contributions for those of its employees who are covered by the Social Security System of the Republic of Panama.

2. Concerning health benefits applicable to employees of the Commission who are not United States citizen employees and who are covered by the Civil Service Retirement System of the United States the following provisions shall apply:

(a) For the duration of a transitional period of thirty calendar months following the entry into force of this Agreement, all such persons shall continue to be provided health insurance and medical benefits under the same general arrangements in effect prior to the entry into force of this Agreement.

(b) At the termination of the aforementioned transitional period, none of the abovementioned persons shall be eligible to receive health or medical benefits from facilities operated by the United States in the Republic of Panama.

(c) Such persons shall have the right, during the aforementioned transitional period, to elect either to continue their coverage under the Federal Employees' Health Benefits Plan or to terminate their coverage under that program and enroll in the Health and Maternity Benefits Program under the Social Security System of the Republic of Panama, effective upon the termination of the transitional period.

(d) The Commission shall collect and transfer in a timely manner to the Social Security System of the Republic of Panama the employer's and employees' contributions to the Health and Maternity Benefits Program of that institution for such persons who enroll in that program. The employer's contribution shall be equal to that which the employer would have paid had the employee continued under the Federal Employees Health Benefits Plan.

3. (a) Following the entry into force of this Agreement, employees of the Panama Canal Company or Canal Zone Government, regardless of their nationality, who become employees of the Republic of Panama as the result either of a transfer of a function or activity to the Republic of Panama from the Panama Canal Company or Canal Zone Government or through job placement efforts of the Commission or the Republic of Panama, shall be covered by the Social Security System of the Republic of Panama through a special regime identical in eligibility requirements, benefits, and employer/employee contributions to the United States Civil Service Retirement System in which the employee was previously enrolled.

(b) In those instances in which an employee has been separated from employment with the Commission and is due a refund of his contributions to the Civil Service Retirement System of the United States, said refund shall, upon the written request of the employee, be transferred by the Civil Service authorities of the United States to the Social Security System of the Republic of Panama for the purpose of the employee's purchase of an equity, which shall be financially equal to the total of the amounts transferred.

(c) When such employee of the Panama Canal Company or Canal Zone Government, regardless of his nationality, is separated from his employment with the Commission as the result of the implementation of the Panama Canal Treaty and becomes an employee of the Republic of Panama as the result either of a transfer of a function or activity to the

Republic of Panama from the Panama Canal Company or the Canal Zone Government or through a job placement assistance program, and elects to purchase an equity in the Social Security System of the Republic of Panama, through a special regime identical in requirements for eligibility, benefits, and employer/employee contributions to the Civil Service Retirement System of the United States in which the employee was previously enrolled, the United States shall provide an equal sum to assist the employee in acquiring such an equity, provided, however, that:

(i) The employee is not eligible for an immediate retirement annuity under the United States Civil Service Retirement System.

(ii) The employee has not elected a deferred annuity under the United States Civil Service Retirement System.

(iii) The employee has been credited with at least five years of Federal service under the United States Civil Service Retirement System.

(iv) The employee elects to withdraw the entire amount of his capitalized contributions to the Civil Service Retirement System of the United States and transfer them to the Social Security System of the Republic of Panama.

(v) The contribution provided by the United States shall be the same as the amount withdrawn by the employee from the United States Civil Service Retirement Fund and contributed by the employee to the Panamanian Social Security System.

(d) Employees eligible for an immediate annuity under the Civil Service Retirement System of the United States shall begin to receive retirement pay at the time of their termination of their employment by the Government of the United States.

4. Except as otherwise provided in the Panama Canal Treaty or this Agreement, there shall be no loss or limitation of rights, options and benefits to which employees of the Commission who were employed by the Panama Canal Company or the Canal Zone Government may be entitled under applicable laws and regulations of the United States as a result of their participation in the Civil Service Retirement System of the United States. These rights, options and benefits include the rights, where appropriate under applicable laws and regulations of the United States, to optional or voluntary retirement, discontinued service retirement following involuntary separation, disability retirement, and deferred retirement.

5. Non-United States citizen employees of the Panama Canal Commission who were, prior to the entry into force of this Agreement, employed by the Panama Canal Company or the Canal Zone Government, and who continue to be covered by the United States Civil Service Retirement System, shall continue to be covered by United States Workmen's Compensation and may, if they so desire, continue their coverage under the Federal Employees' Group Life Insurance program in the same manner as prior to the entry into force of this Agreement.

Article IX

Acquisition of Panamanian Supplies and Services

1. In procuring supplies and services, the Commission shall give preference to those obtainable in the Republic of Panama. Such preference shall apply to the maximum extent possible when such supplies and services are available as required, and are comparable in quality and price to those which may be obtained from other sources. For the comparison of prices there shall be taken into account the cost of transport to the Republic of Panama, including freight, insurance and handling, of the supplies and services which compete with Panamanian supplies and services. In the acquisition of goods in the Republic of Panama, preference shall be given to goods having a larger percentage of components of Panamanian origin.

2. Any regulations which may be necessary to carry out this preference shall be agreed upon in the Coordinating Committee.

Article X

Telecommunications

1. The Republic of Panama, in the exercise of its sovereign power over telecommunications, authorizes the United States, for the duration of this Agreement, to use communications networks and communications-electronics installations within the Canal operating areas, and the radio frequencies authorized or in use, and transportable equipment in use, immediately prior to the entry into force of this Agreement and as may be necessary for its requirements, in order to accomplish the purposes of the management, operation and maintenance of the Canal, and as the two Parties may otherwise

agree. The Coordinating Committee may adopt regulations to govern the use of such transportable equipment outside of such areas.

2. The Republic of Panama also authorizes the United States to use installations such as those described in the preceding paragraph already existing outside the Canal operating areas, including those operated and maintained by the United States Forces or by contractors, which serve to accomplish the purposes of the management, operation or maintenance of the Canal, and as the two Parties may otherwise agree. The United States authorities shall have access to such installations for appropriate operation, maintenance and replacement.

3. Upon the termination of this Agreement, all telecommunication equipment and facilities necessary for purposes of operation of the Canal, which are the property of the United States, shall be transferred to the Republic of Panama. The United States, after consultation with the Republic of Panama, will institute a program to train Panamanian nationals to operate and maintain such telecommunications equipment, including ship-to-shore facilities.

4. Provided that they are available and suitable for the purpose, the Commission shall use, to the maximum extent practicable, the telecommunications services of public or private enterprise in the Republic of Panama in order to meet its growth needs, but the applicable rates shall be no less favorable than those charged to governmental agencies of the Republic of Panama.

5. The United States shall provide the Republic of Panama a list of all frequencies authorized or in use by it pursuant to this Article. This list shall be submitted through the Coordinating Committee in ascending frequency order and shall contain as a minimum information concerning the power, bandwidth, and type of emission being used in those frequencies.

6. The Republic of Panama undertakes not to authorize the use of any frequency which would interfere with those in use by or for the Commission or which it may use in the future in accordance with the Panama Canal Treaty and this Agreement.

7. All provisions regarding telecommunications in this Article shall be in accordance with the obligations of both Parties as members of the International Telecommunication Union and with the various relevant international agreements to which both are parties.

8. Any communication with the International Telecommunication Union regarding the subject matter of this Article shall be effected exclusively by the Republic of Panama.

9. The Coordinating Committee may adopt any further regulations as may be necessary to implement the provisions of this Article, including necessary technical coordination.

Article XI

Contractors and Contractors' Personnel

1. Whenever the Commission enters into contracts for the performance of services or the procurement of supplies, it shall adhere to the preferences for Panamanian sources set forth in Article IX of this Agreement.

2. Whenever contracts are awarded by the Commission to natural persons who are nationals or permanent residents of the United States or to corporations or other legal entities organized under the laws of the United States and under the effective control of such persons, such contractors shall be so designated by the United States and such designations shall be communicated to the authorities of the Republic of Panama through the Coordinating Committee. Designated contractors shall be subject to the laws and regulations of the Republic of Panama except with respect to the special regime established by this Agreement, which includes the following obligations and benefits:

(a) The contractor must engage exclusively in activities related to the execution of the work for which he has been contracted by the Commission or related to other works or activities authorized by the Republic of Panama.

(b) The contractor must refrain from carrying out practices which may constitute violations of the laws of the Republic of Panama.

(c) The contractor shall enter and depart from the territory of the Republic of Panama in accordance with procedures prescribed for United States citizen employees in Article XII of this Agreement.

(d) The contractor must obtain a document indicating his identity as a contractor which the proper authorities of the United States shall issue when they are satisfied he is duly qualified. This certificate shall be sufficient to permit him to operate under Panamanian law as a contractor of the United States. Nevertheless, the authorities of the Republic

of Panama may require the registration of the appropriate documents to establish juridical presence in the Republic of Panama.

(e) The contractor shall not be obliged to pay any tax or other assessment to the Republic of Panama on income derived under a contract with the Commission, so long as he is taxed in the United States at a rate substantially equivalent to the corresponding taxes and assessments of the Republic of Panama.

(f) The contractor may move freely within the Republic of Panama, and shall have exemptions from customs duties and other charges, as provided for United States citizen employees in Articles XIV and XVI of this Agreement.

(g) The contractor may use public services and installations in accordance with the terms and conditions of Article XIII of this Agreement and, on a non-discriminatory basis, shall pay the Republic of Panama highway tolls and taxes on plates for private vehicles.

(h) The contractor shall be exempt from any taxes imposed on depreciable assets belonging to him, other than real estate, which are used exclusively for the execution of contracts with the United States.

(i) The contractor may use the services and facilities provided for in Articles X and XVIII of the Agreement in Implementation of Article IV of the Panama Canal Treaty, signed this date, to the extent such use is authorized by the United States; provided, however, that after five years from the entry into force of this Agreement, the use of military postal services by such contractors shall be limited to that related to the execution of contracts with the United States.

3. The Commission shall withdraw the designation of a contractor when any of the following circumstances occur:

(a) Completion or termination of the contracts with the Commission.

(b) Proof that during the life of the contract such contractors have engaged in the Republic of Panama in business activities not related to their contracts with the United States nor authorized by the Republic of Panama.

(c) Proof that such contractors are engaged in practices which in the view of the Republic of Panama constitute serious violations of the laws of the Republic of Panama.

4. The authorities of the United States shall notify the authorities of the Republic of Panama whenever the designation of a contractor has been withdrawn. If, within sixty days after notification of the withdrawal of the designation of a contractor who entered the territory of the Republic of Panama in the capacity of a contractor, the authorities of the Republic of Panama require such contractor to leave its territory, the United States shall ensure that the Republic of Panama shall not incur any expense due to the cost of transportation.

5. The provisions of this Article shall similarly apply to the subcontractors and to the employees of the contractors and subcontractors and their dependents who are nationals or residents of the United States. These employees and dependents shall not be subject to the Panamanian Social Security system.

Article XII

Entry and Departure

1. The United States may bring into the territory of the Republic of Panama United States citizen employees and dependents for the specific purposes of the Panama Canal Treaty and as the two Parties may agree upon.

2. In order to enter or leave the territory of the Republic of Panama, such persons shall be required to bear only a valid passport and a special entry/exit permit issued by the Republic of Panama. Such documentation, upon entry into or departure from the territory of the Republic of Panama, shall be presented to the appropriate authorities of the Republic of Panama.

3. Such entry/exit permits shall authorize the bearer an unlimited number of entries into and exits from the territory of the Republic of Panama for the duration of the employment or other duties with the Commission of the bearer, or of his sponsor. Such permits shall remain valid until such time as United States authorities notify the appropriate authorities of the Republic of Panama of the termination of the employment or duties with the Commission of the bearer, or of his sponsor.

4. The Republic of Panama agrees to issue such special entry/exit permits to the persons described in paragraph 1 of this Article, upon written request by the authorities of the United States, and to implement special procedures to ensure such expeditious issuance.

5. Whenever the status of any person described in paragraph 1 of this Article is altered so that he is no longer entitled to remain in the territory of the Republic of Panama, the authorities of the United States shall promptly notify the authorities of the Republic of Panama, and shall ensure that the special entry/exit permit in question is returned to the Republic of Panama. If requested by the Republic of Panama within a period of sixty days following such notice, the authorities of the United States shall ensure that transportation of any such person from the Republic of Panama will be provided at no cost to the Republic of Panama.

6. The persons described in paragraph 1 of this Article shall be exempted from fiscal charges relating to their entry, stay in, or departure from the territory of the Republic of Panama, except for nondiscriminatory charges established or which may be established for use of airports. Similarly, they shall be exempted from obligatory services established in favor of the Republic of Panama. They shall not acquire any right to permanent residence or domicile in the Republic of Panama.

7. United States citizen employees who enter the Republic of Panama to execute professional services exclusively for the United States, or on its behalf, shall not be subject to the licensing regimes of the Republic of Panama, but their professional activity shall be limited to such services with the United States for the specific purposes of the Panama Canal Treaty, or as the two Parties may otherwise agree.

Article XIII

Services and Installations

1. The Commission, its United States citizen employees and dependents may use the public services and installations belonging to or regulated by the Republic of Panama, and the terms and conditions of use, prices, rates and tariffs and priorities shall not be unfavorable in relation to those charged other users.

2. The Commission may use the facilities and services of the United States Forces for official purposes and may establish and operate the supporting services and facilities it requires within the areas used under this Agreement, and exceptionally, with the authorization of the Republic of Panama, outside such areas.

3. The United States may furnish to United States citizen employees and dependents the services provided for in Article XVIII of the Agreement in Implementation of Article IV of the Panama Canal Treaty signed this date, and authorize their use of the facilities provided for in Article X and Article XI of that Agreement provided, however, that their use of military postal services, commissaries, and military exchanges may not be authorized after five years from the entry into force of this Agreement.

4. The facilities and services of the Commission may be made available, exclusively for official purposes, to other agencies of the Government of the United States operating in the Republic of Panama, including the United States Forces.

Article XIV

Movement, Licenses, and Registration of Vessels, Aircraft and Vehicles

1. (a) When in the performance of official duties, the vessels and aircraft operated by or for the Commission may move freely through Panamanian air space and waters, without the obligation of payment of taxes, tolls, landing or pier charges or other charges to the Republic of Panama except for reimbursement for specific services requested and received and without any other impediment.

(b) Such vessels and aircraft shall be exempt from customs inspections or other inspections. Whenever they carry cargo, crews or passengers who are not entitled to the exemptions provided for in this Agreement, timely notice shall be given to the appropriate authorities of the Republic of Panama. Both Parties shall adopt procedures to ensure that the customs laws and regulations of the Republic of Panama are not violated.

2. (a)(i) Similarly, the vehicles and equipment of the Commission may, when in the performance of official duties, move freely in the Republic of Panama, without the obligation of payment of taxes, tolls or other charges to the Republic of Panama and without any other impediment. Such vehicles and equipment shall be exempt from mechanical or other inspection.

(ii) Claims arising from damage caused by the Commission to the Panamanian road network outside the Canal operating areas, in excess of the usual

wear and tear by reason of time and its appropriate use, shall be settled as provided for in Article XVIII of this Agreement.

(b) Such vehicles and equipment of the Commission shall not be assessed any license or registration fees. These vehicles shall bear means of identification as may be agreed upon by the Coordinating Committee, to be issued under the authority of said Coordinating Committee and distributed by the Commission.

3. (a) The plates, individual marks and registration documents issued by the United States for vehicles, trailers, vessels and aircraft which are the property of the Commission shall be accepted by the Republic of Panama.

(b) The Republic of Panama shall recognize as sufficient the valid licenses, permits, certificates or other official classifications from the United States, possessed by operators of vehicles, vessels and aircraft which are property of the United States.

4. (a) The vehicles, trailers, vessels and aircraft belonging to the United States citizen employees or dependents shall also move freely within the Republic of Panama, in compliance with the traffic regulations and those regarding the annual mechanical inspection. The license plate fee and other obligations shall not be discriminatory.

(b) The Republic of Panama shall issue the appropriate documents of title and registration of vehicles, trailers, vessels and aircraft which are the property of United States citizen employees or dependents when the latter present title and registration issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone. Applicants may retain such documents provided they leave with the authorities of the Republic of Panama a copy authenticated by the Commission, duly translated into Spanish. While the corresponding request is being processed and within a term which may not exceed ninety days after entry into force of this Agreement or after the arrival of the means of transportation mentioned above in the Republic of Panama, it may be operated with the plates or distinctive marks issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone.

(c) United States citizen employees and dependents who bear valid documents such as drivers' licenses, vessel operators' permits, amateur radio licenses, or licenses and classifications of air pilots issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone, shall receive equivalent Panamanian licenses, permits and classifications without being subjected to new tests or payments of new fees. The applicants may retain the licenses, permits and classifications of the United States or the former Canal Zone provided that they leave with the authorities of the Republic of Panama a copy authenticated by the Commission and duly translated into Spanish. United States citizen employees and dependents shall be permitted to drive vehicles, vessels or aircraft in the Republic of Panama with such licenses, permits and classifications during the ninety days following the entry into force of this Agreement or their first arrival in the Republic of Panama. During this period the processing of the application in the Republic of Panama for a driver's license, vessel operator's permit, or license and classification as an air pilot shall be completed.

(d) The Panamanian licenses, permits or classifications shall be valid for the period of time indicated in the Panamanian law and, during the continuous presence of the bearer in the Republic of Panama, shall, to preserve their validity, be renewed in accordance with Panamanian laws. Whenever Panamanian laws require medical certifications for the renewal of licenses, permits or classifications, the Republic of Panama shall accept the certifications issued by the medical services of the United States, provided that said certifications are submitted in Spanish translation.

(e) The Republic of Panama shall issue drivers' licenses, vessel operators' permits, and licenses and other classifications of air pilots to United States citizen employees and dependents when they do not possess valid documents. If any test is required as a prerequisite for the issuance of the documents mentioned, the Republic of Panama shall permit the interested persons to take the examination in Spanish or in English. Any material which the Republic of Panama may generally issue in preparation for such examinations shall be furnished, in Spanish or in English, as the applicant may request. The fees for such documents shall not be discriminatory.

5. The Coordinating Committee may agree on rules and procedures that may be necessary to implement this Article.

Article XV

Taxation

1. By virtue of this Agreement, the Commission, its contractors and subcontractors, are exempt from payment in the Republic of Panama of all taxes, fees or other charges on their activities or property.

2. United States citizen employees and dependents shall be exempt from any taxes, fees, or other charges on income received as a result of their work for the Commission. Similarly, they shall be exempt from payment of taxes, fees or other charges on income derived from sources outside the Republic of Panama.

3. United States citizen employees and dependents shall be exempt from taxes, fees or other charges on gifts or inheritance or on personal property, the presence of which within the territory of the Republic of Panama is due solely to the stay therein of such persons on account of their or their sponsor's work with the Commission.

4. The Coordinating Committee may establish such regulations as may be appropriate for the implementation of this Article.

Article XVI

Import Duties

1. Except for the exemptions provided for in this Agreement, United States citizen employees and dependents shall be subject to the customs laws and regulations of the Republic of Panama.

2. All property imported for the official use or benefit of the Commission, including that imported by its contractors or subcontractors in connection with the various activities authorized under this Agreement, shall be exempt from the payment of all customs duties or other import taxes and charges and from all license requirements. The Commission shall issue a certificate, following the form adopted by the Coordinating Committee, stating that the property being imported is for these purposes.

3. Property consigned to or imported for the personal use of United States citizen employees or dependents shall be subject to the payment of import duties or other import taxes, except for the following:

(a) Furniture, household goods and personal effects imported by such persons for their private use within six months following their first arrival in the Republic of Panama.

(b) Vehicles imported by such persons for their private use. The Coordinating Committee shall establish the limitations on the quantity and frequency of additional imports of vehicles and shall authorize such importation of at least one vehicle every two years.

(c) A reasonable quantity of articles for the private use of such persons, imported as personal baggage or sent into the Republic of Panama through the mails.

(d) Such other imports as may be expressly authorized by the competent authorities of the Republic of Panama at the request of the Commission.

4. The exemptions granted in paragraph 3 of this Article shall apply only to cases involving the importation of articles exempted at the time of entry and shall not be construed as obligating the Republic of Panama to reimburse customs duties and domestic taxes collected by the Republic of Panama in connection with purchases of goods from Panamanian sources subsequent to their importation.

5. Customs inspections shall not be made in the following cases.

(a) United States citizen employees travelling on official business who enter or depart from the Republic of Panama;

(b) Official documents under official seal, and mail sent through the military postal channels of the United States;

(c) Cargo consigned to the Commission.

6. Property imported under this Article and subsequently transferred to a person who is not entitled to duty-free importation shall be subject to the payment of import duties and other taxes according to the laws and regulations of the Republic of Panama.

7. All property imported in the Republic of Panama free of customs duties and other taxes pursuant to paragraphs 2 and 3 of this Article may be exported free of customs duties, export permits, export taxes, and other assessments. All property acquired in the Republic of Panama by, or in the name of, the Commission, or acquired by United States citizen employees or dependents for their private use, may be exported free of customs duties, export licenses, and other export taxes or charges.

8. The authorities of the United States agree to cooperate with the authorities of the Republic of Panama and shall take, within their legal authority, all steps necessary to prevent the abuse of the privileges granted under this Article to United States

citizen employees or dependents, which measures may include dismissal of such employees.

9. In order to prevent violations of the customs laws and regulations of the Republic of Panama, the two Parties agree as follows:

(a) The competent authorities of the United States and the authorities of the Republic of Panama shall mutually assist one another in the conduct of investigations and the collection of evidence.

(b) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure that articles subject to seizure by or in the name of the customs authorities of the Republic of Panama are delivered to these authorities.

(c) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure the payment by United States citizen employees, and dependents, of such import duties, taxes, and fines as may be duly determined by the authorities of the Republic of Panama.

10. Vehicles and articles belonging to the Commission that are seized from a person by the authorities of the Republic of Panama in connection with a violation of its customs or tax laws or regulations shall be delivered to the competent authorities of the Commission.

11. The Coordinating Committee will constitute the means of communication and information between the two Parties with regard to matters pertaining to the implementation of this Article.

Article XVII

Surveys

The United States may carry out topographic, hydrographic, agrologic and other surveys (including the taking of aerial photographs) within the areas made available for the use of the United States pursuant to this Agreement and within the watershed basin of Gatun, Alajuela (Madden) and Miraflores Lakes. Surveys in other areas of the Republic of Panama shall require authorization from the Republic of Panama and shall be carried out in the manner agreed upon in the Coordinating Committee. The Republic of Panama shall, at its option, designate a representative to be present during such surveys. The United States shall furnish a copy of the data resulting from such surveys to the Republic of Panama at no cost.

Article XVIII

Claims

1. (a) Each Party shall settle claims against it for damage to any property owned and used by the other Party in the following circumstances:

(i) If the damage was caused by an employee of the Government, against which the claim is made, in the performance of his official duties; or

(ii) If the damage arose from the use of any vehicle, vessel or aircraft owned and used by the said Government, provided either that the vehicle, vessel or aircraft causing the damage was being used for official purposes, or that the damage was caused to property being so used.

(b) If it is not settled in due course, the claim may be pursued through diplomatic channels. Both Parties hereby waive the collection of any claims for an amount less than B/. 1400 or $1400 U.S., whichever may be the currency of greater value.

2. In cases of maritime salvage, each Party waives its claims against the other if the vessel or cargo salved was the property of the other Party and was used for official purposes.

3. For the purposes of this Article, any vessel chartered, requisitioned or seized in prize by a Party shall be considered its property (except to the extent that the risk of loss or liability is assumed by some other person than such Party).

4. United States citizen employees shall be subject to the jurisdiction of the civil courts of the Republic of Panama except in matters which arise from the performance of their official duty. In cases in which payment has been accepted in full satisfaction of the claim, the civil courts of the Republic of Panama shall dismiss any proceeding concerning such matter.

5. Non-contractual claims arising from damages caused in the performance of their official duties by employees of the Commission to third parties shall be presented by the injured party through the Coordinating Committee to the appropriate authorities of the Commission for settlement. The authorities of the Republic of Panama may submit advice and recommendations on Panamanian law to the claims authorities of the Commission for their use in evaluating liability and amount of damages. The Commission shall assure payment of the appropriate damages, if any are due.

6. Contractual claims against the Commission shall be settled in accordance with the dispute clause of the contracts, and in the absence of such clause, through presentation of claims to the Commission.

7. The Commission shall require contractors and subcontractors referred to in Article XI of this Agreement to obtain appropriate insurance to cover the civil liabilities that may be incurred in the territory of the Republic of Panama as a result of acts or omissions done in the performance of official duty by their employees. The Coordinating Committee shall establish the general standards for such insurance.

8. The authorities of both Parties shall cooperate in the investigation and procurement of evidence for a fair disposition of claims under this Article.

Article XIX

Criminal Jurisdiction

1. The Republic of Panama shall exercise, in the manner herein indicated, its jurisdiction over United States citizen employees and dependents with respect to all offenses arising from acts or omissions committed by them within the territory of the Republic of Panama and punishable under the laws of the Republic of Panama.

2. Concerning offenses committed by United States citizen employees or dependents that are punishable under the laws of both Parties, the authorities of the United States may request the Republic of Panama to waive its jurisdiction in favor of the authorities of the United States. Said authorities shall, in their request, state the reasons therefor, and the Republic of Panama shall give favorable consideration to such requests in the following cases:

(a) If the offense arises out of an act or omission done in the performance of official duty. In such cases, when requested by the authorities of the Republic of Panama or when the authorities of the United States may deem it necessary, the latter shall issue a certificate establishing that the offense originated from an act or omission occurring in the performance of official duty. The Republic of Panama shall consider this certificate as sufficient proof for the purposes of this paragraph, or shall request a review by the Coordinating Committee, within ten days of the date of receipt of the certificate. The Coordinating Committee shall complete its review within ten days from the date of receipt of the request, except when more thorough consideration may be necessary, in which case the Coordinating Committee shall complete its review within thirty days. A substantial deviation from the duties which a person is required to perform in a specific mission shall generally indicate an act or omission not occurring in the performance of official duty and, consequently, the authorities of the United States will not consider it necessary to issue a certificate of official duty.

(b) If the offense is solely against the property or security of the United States and is committed in a Canal operating area or in a housing area. It is understood that offenses against the security of the United States include: treason or sabotage against the United States, espionage or violation of any law relating to official secrets of the United States or to secrets relating to the national defense of the United States.

3. In any case in which the authorities of the Republic of Panama waive jurisdiction to the United States, or in cases in which the offense constitutes a crime under the laws of the United States, but not under the laws of the Republic of Panama, the accused United States citizen employee or dependent shall be tried outside of the territory of the Republic of Panama.

4. (a) The authorities of the Republic of Panama shall notify the authorities of the United States as promptly as possible of the arrest of any United States citizen employee or dependent.

(b) The following procedures shall govern the custody of an accused United States citizen employee or dependent over whom the Republic of Panama is to exercise its jurisdiction:

(i) If the accused is detained by the authorities of the Republic of Panama he shall, except when charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, be handed over on request to the authorities of the United States in whose custody he shall remain until completion of all judicial proceedings and thereafter until custody is requested by authorities of the Republic of Panama for the execution of a sentence.

(ii) When charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, the accused will remain in the custody of the authorities of the Republic of Panama. In these cases, the authorities

of the Republic of Panama shall give sympathetic consideration to requests for custody by the authorities of the United States.

5. (a) The authorities of the United States shall give full consideration to special requests made by the authorities of the Republic of Panama regarding conditions of custody of any detainee in the custody of the United States.

(b) When the accused is in the custody of the authorities of the United States, he must, upon request by the authorities of the Republic of Panama, be made available to them for the purposes of investigation and trial. This obligation of the United States to ensure the appearance of an accused United States citizen employee, or dependent shall be deemed to satisfy the bail requirement set by the laws of the Republic of Panama.

6. (a) The authorities of the United States and of the Republic of Panama shall assist each other in carrying out all necessary investigations of offenses and in the collection and production of evidence, including the seizure and, in proper cases, the delivery of objects connected with an offense and the appearance of witnesses as necessary.

(b) The authorities of the United States and of the Republic of Panama shall, upon request by the other Party, inform each other of the status of cases referred to under the provisions of this Article.

7. As is provided in the laws of the Republic of Panama, a United States citizen employee or a dependent who has been convicted by a Panamanian court shall not be subject to the death penalty or to any form of cruel and unusual punishment or treatment.

8. When an accused United States citizen employee or dependent has been tried in accordance with the provisions of this Article by the authorities of the United States or by the authorities of the Republic of Panama and has been acquitted, or has been convicted and is serving, or has served, his sentence, or has been pardoned, he shall not be tried again for the same offense within the territory of the Republic of Panama.

9. Whenever an accused United States citizen employee or a dependent is tried by the authorities of the Republic of Panama he shall be entitled to the procedural guarantees listed in Annex C of this Agreement.

10. During the detention by the authorities of the Republic of Panama of a United States citizen employee or a dependent the authorities of the Republic of Panama shall permit members of his immediate family to visit him weekly. Material and medical assistance (such as food, clothing and comfort items) which the authorities of the United States and members of his immediate family may consider desirable, and any other assistance which is in accordance with or allowed by Panamanian prison regulations, may be provided to him on such visits.

11. The Coordinating Committee will constitute the channel of communication and information between the two Parties with regard to matters pertaining to the implementation of this Article.

Article XX

General Provisions

1. The activities of the United States in the Republic of Panama shall be carried out with adequate attention to public health and safety, and consequently, within the areas made available for the use of the United States under this Agreement, the authorities of the United States shall have the right to take appropriate sanitation measures. The authorities of the United States shall cooperate with the authorities of the Republic of Panama for these purposes.

2. United States citizen employees and dependents may bear private arms in accordance with applicable Panamanian laws and regulations.

3. The Commission shall establish regulations to provide for the handling of matters under its competence in the English and Spanish languages, as appropriate.

Article XXI

Duration

This Agreement shall enter into force simultaneously with the entry into force of the Panama Canal Treaty, signed this date, and shall remain in force throughout the period that the aforesaid Treaty remains in force.

Done at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both being equally authentic.

Annex A

Canal Operating Areas, Housing Areas, Accessory Facilities and Installations, and Anchorages

The Canal operating areas, housing areas, accessory facilities and installations, and anchorages, the use of which is made available by the Republic of Panama to the United States by this Agreement, are described below and identified, but not definitively, on the maps attached hereto and referenced herein. When areas or installations are depicted on more than one map of different scales, the identification on the map with the largest scale shall be controlling. More precise identifications and exact boundaries shall be agreed upon as soon as practicable by the Coordinating Committee established in Article II of this Agreement, after a joint survey to be conducted by representatives of the two Parties. When the aforementioned identifications have been completed and agreed upon, they shall be controlling as to the boundaries of the installations and areas described in this Annex.

1. (a) The Canal operating areas are described generally as follows:

(i) A continuous area generally following the course of the Panama Canal and generally contiguous to it, running from the Atlantic Ocean to the Pacific Ocean, and including the Atlantic entrance, Gatun Locks, dam, spillway and power station, portions of Gatun Lake, Gaillard Cut, Pedro Miguel Locks, Miraflores Lake, Miraflores Locks, spillway, filtration plant and power station, and the Pacific entrance, as well as the land and water areas encompassing them.

(ii) Certain areas not contiguous to the Canal, including the Brazos Brook area, the Gatun tank area, the Madden Dam and power station area, the Corozal/Cardenas area, and the Sosa hill area.

The Canal operating area described generally above, with the two exceptions hereinafter referred to, is identified on the map which is attached hereto as Attachment No. 1 in the manner indicated on the legend thereof. Although not so identified on the referenced map, the land and water areas which lie beneath the Thatcher Ferry Bridge and any new bridge that is constructed along the Panama/Arraijan right of way, to the extent that they are within the boundaries of the Canal operating area described in subparagraph 1(a)(i), above, are included in, and are parts of, that Canal operating area.

(iii) Barro Colorado Island, in the event and at such time as the Smithsonian Tropical Research Institute or an organization of similar purpose discontinues its activities there. This island is identified by name on the map attached hereto as Attachment No. 1.

(iv) Summit Naval Radio Station, at such time as use of the area is no longer required by the United States Forces. For purposes of this provision, this area is identified by name on the map attached hereto as Attachment No. 1.

(b) The Canal Zone Penitentiary shall cease to be a part of the Canal operating areas three years following the entry into force of this Agreement. For the purposes of this provision, the approximate center of this area is located at Coordinate 441069 on the map attached hereto as Attachment No. 1.

(c) The following areas shall cease to be a part of the Canal operating area five years following the entry into force of this Agreement:

(i) The Mount Hope warehouse area; and
(ii) The Mount Hope motor transportation area.

For the purposes of this provision, the Mount Hope warehouse area is identified on the map attached hereto as Attachment No. 2, SK 529–25–14A, in the manner indicated on the legend thereof, and the Mount Hope motor transportation area is identified on the map attached hereto as Attachment No. 3, SK 529–25–13A, in the manner indicated on the legend thereof.

(d) The following installations not contiguous to the Canal operating areas described in subparagraph 1(a) above shall be subject to the provisions of the Panama Canal Treaty and this Agreement applicable to the Canal operating areas:

(i) Retirement Office (449–X);
(ii) Sanitation Buildings (428, 428–X);
(iii) Health Bureau Official Quarters (286, 288, 286–G);
(iv) Pump House, Chilled Water (278);
(v) Treasurer's Office (287, 287–X);
(vi) Central Employment Office (363);
(vii) Payroll Branch Office (365);
(viii) Personnel Bureau Office (366);
(ix) Grounds Maintenance Building (361);

(x) Distribution Substation (367);
(xi) District Court Building (310);
(xii) Community Welfare (Red Cross) (0610–B);
(xiii) Motor Transportation Facilities (0625–A through K, 0630–C);
(xiv) Grounds Maintenance Office (0630–B);
(xv) Sewage Treatment Plant (0626, 0626–A, 0626–B);
(xvi) Grounds Maintenance Building (0586–X); and
(xvii) Maintenance Field Shop (234).

The installations which are described immediately above are identified on the map attached hereto as Attachment No 4, SK 529–25–1, in the manner indicated on the legend thereof

(xviii) Administration Building (101);
(xix) Balboa Filtered Water—Pump Station (634);
(xx) Community Service Office Building (635);
(xxi) Training Center (0600, 0602, 0604);
(xxii) Ancon Water Reservoir;
(xxiii) Grounds Maintenance Buildings (106, 108–X); and
(xxiv) Garage (628–X).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 5, SK 529–25–2, in the manner indicated on the legend thereof.

(xxv) Buildings (725, 726);
(xxvi) Community Health Center Building (721);
(xxvii) Maintenance Shop (1437);
(xxviii) Garage Buildings (0900, 711–X, 761–X, 786–X, 787–X, 788–X, 789–X, 797–X, 1435);
(xxix) Storage Sheds and Toilets (1559–X, 0773, 0849, 1435–X);
(xxx) Community Service Youth Facilities (0910);
(xxxi) Sewage Pump Station (0755);
(xxxii) Magistrates Court (803);
(xxxiii) Balboa Police Station (801, 801–R, 801–S, 801–T, 801–U); and
(xxxiv) Water Tanks—Ancon Hill.

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 6, SK 529–25–3, in the manner indicated on the legend thereof.

(xxxv) Docks 12, 13 and 19;
(xxxvi) Harbor Master Building (43–A);
(xxxvii) Construction Division Office (29–X);
(xxxviii) Port Engineer Building (31);
(xxxix) Instrument Repair Shop (1–J);
(xl) Apprentice Training Facilities (2A and 3);
(xli) Warehouses (5, 19, 4, 44–B and 42 including yard area and miscellaneous small support buildings);
(xlii) Supply Management Offices (28);
(xliii) Refrigeration and Air Conditioning Repair Facility (14);
(xliv) Maintenance Facilities (8 and 10);
(xlv) Toilets (21);
(xlvi) Pilots Carport (39–B);
(xlvii) Rigging Shed, supporting Dock 19 (51);
(xlviii) Furniture Storage, Lubrication Warehouse (78);
(xlix) Community Service Balboa Recreational Tennis Courts;
(l) Pier 20 Area (including 57 and 57–X);
(li) Electronic Repair Facility (40);
(lii) Core Storage (12);
(liii) Central Air Conditioning Plant and Cooling Tower (9);
(liv) Maintenance Equipment Storage (13);
(lv) Sand Blasting Shed (12–A);
(lvi) Community Service Recreational Facility (9–A);
(lvii) Electrical Division Buildings (66–A, 66–B, 66–C, 66–D, 66–E, 38 and 36);
(lviii) Chilled Water Pump House (72);
(lix) Telephone Exchange Building (69); and
(lx) Building (37).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 7, SK 529–25–4, in the manner indicated on the legend thereof.

(lxi) Toilets and Storage (1256);
(lxii) Community Service Youth Facilities (0791);
(lxiii) Foam Storage Facility (1254);
(lxiv) Sewage Pump Station No. 2 (1208);
(lxv) Dock 4;

(lxvi) Printing and Duplicating Center (911); and
(lxvii) Marine Traffic Control Center (909, 910).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 8, SK 529–25–5, in the manner indicated on the legend thereof.

(lxviii) Records Storage (42–D);
(lxix) Warehouse and Office (42–G, 42–F);
(lxx) Quarters Maintenance Shop (5052);
(lxxi) Toilets and Storage (5546);
(lxxii) Storage and Warehouse (5553);
(lxxiii) Surveying Office and Storage (5250);
(lxxiv) Community Service Center (5051, 5051–X);
(lxxv) Diablo Power Substation (5300);
(lxxvi) Office Building (5140); and
(lxxvii) Storage Warehouse (42–E).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 9, SK 529–25–6, in the manner indicated on the legend thereof.

(lxxviii) Water Tanks;
(lxxix) Water Pump Station (6219);
(lxxx) Toilets and Storage (6423);
(lxxxi) Community Welfare—AA(6550); and
(lxxxii) Los Rios Power Substation (6464).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 10, SK 529–25–7, in the manner indicated on the legend thereof.

(lxxxiii) Telephone Exchange (52);
(lxxxiv) Communication Field Office (53);
(lxxxv) Fire Station (62);
(lxxxvi) Community Service Center (65–A) and B.S.A. (729);
(lxxxvii) Gas Station, Noncommercial (57);
(lxxxviii) Housing Office, Maintenance Shops (58);
(lxxxix) Toilet and Storage (77–A, 0277–X, 332);
(xc) Sanitation Building (64); and
(xci) Community Health Center (63).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 11, SK 529–25–10, in the manner indicated on the legend thereof.

(xcii) Grounds Maintenance Offices, Toilets and Storage (40–A, 40–G, 141);
(xciii) Garages (29, 29–A, 108, 140);
(xciv) Telephone Exchange (102–X);
(xcv) A.R.S. (71, 74, 104, 135, 150, 208, 210, 220, 233–X, 236–X, 262, 355, 373, UX–1, UX–2, UX–3) and B.S.A. (122);
(xcvi) Public Toilet (385);
(xcvii) Fire Station (161);
(xcviii) Community Service Center (206); and
(xcix) Gatun Power Substation (100).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 12, SK 529–25–11, in the manner indicated on the legend thereof.

(c) Construction Division Office (7998);
(ci) Quarters Maintenance Shop and Office (7999);
(cii) Toilets and Storage (8038–X, 8471);
(ciii) Community Service Center (8040);
(civ) Sewage Pump Station (8140); and
(cv) Community Service Center Building Garage (8040–X).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 13, SK 529–25–12, in the manner indicated on the legend thereof.

(cvi) Engineering Survey Building (9212);
(cvii) Telephone Building (9214); and
(cviii) Fire Station Building (9100).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 14, SK 529–25–8, in the manner indicated on the legend thereof.

(cix) Filtered Water Pump House (308); and
(cx) Paraiso Power Substations.

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 15, SK 529–25–9, in the manner indicated on the legend thereof.

(cxi) Motor Transportation Facilities (5046, 5063, 5064, 5064–A, 5065, 5067, 5077); and
(cxii) Canal/IRHE Power Interconnect Station.

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 16, SK 529–25–13, in the manner indicated on the legend thereof.

(cxiii) Mount Hope Warehouse Complex (7018, 7020, 7021, 7022, 7025–A, 7025–B, 7025–C, 7030, 7031, 7032, 7033);

(cxiv) Fire Station (7029);

(cxv) Mount Hope Water Filtration Plant (7035, 7037 and Water Tanks 1 and 2);

(cxvi) Air Conditioning and Refrigeration Maintenance (7024); and

(cxvii) Electrical Field Facilities (7051, 7051–A, 7051–B, 7051–C, 7051–D, 7056).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 17, SK 529–25–14, in the manner indicated on the legend thereof.

(cxviii) Tugboat Personnel Parking Area and Shed;

(cxix) Harbor Master Office and Boat House (1013);

(cxx) Administration Building (1105); (3339);

(cxxi) Dredging Division Office and Dock (3339);

(cxxii) Maintenance Facilities (1707, 1707–C, 1707–D, 1707–E, 1709, 1726, 1728, 1730, 1708);

(cxxiii) Telephone Exchange (1907);

(cxxiv) Signal Station–Top of Pier 6;

(cxxv) Tug Landings at ends of Piers 6 and 7; and

(cxxvi) Police Training Center (1107).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 18, SK 529–25–15, in the manner indicated on the legend thereof.

(cxxvii) Buildings (22, 100, 82);

(cxxviii) Toilets and Storage (53);

(cxxix) Community Service Center and Telephone Exchange (1140);

(cxxx) Coco Solo Power Substation (3);

(cxxxi) Maintenance Shop (130); and

(cxxxii) Imhoff Tanks (86, 91).

The installations which are described immediately above are identified on the maps attached hereto as Attachment No. 19, SK 529–25–16, in the manner indicated on the legend thereof.

(cxxxiii) Toilet and Storage (0349).

The installation which is described immediately above is identified on the map attached hereto as Attachment No. 20, SK 529–25–18, in the manner indicated on the legend thereof.

(cxxxiv) Amador Causeway and roadway south from southern tip of Fort Amador (Coordinates 601873 to 627847);

(cxxxv) Naos Island launch landing facilities, including dispatcher building, piers, float, breakwater and access roadway (Coordinate 611858);

(cxxxvi) Flamenco Island Signal Station (Coordinate 627847);

(cxxxvii) Farfan Spillway (Coordinate 577-868);

(cxxxviii) Madden Wye Facilities (101, 102, 104, 105, 106, 107, 108, 109, 111, 112, 113, 114, 127, 128, 129, 149, 172, 173) (Coordinate 449016);

(cxxxix) Summit Power Substation (Coordinate 495013);

(cxl) Summit Explosive Storage Facilities (1, 2, and 3) (Coordinate 477030);

(cxli) 44 KV Power Transmission Line (Coordinates 519183 to 495013);

(cxlii) Coco Solito Water Meterhouse (6201) (Coordinate 229323); and

(cxliii) South Coco Solo Power Substation (1116) (Coordinate 232345).

The approximate centers or locations of the installations described immediately above are identified by the accompanying coordinates, as located on the map attached hereto as Attachment No. 1.

(e) The following installations that are described in subparagraph 1(d) above shall cease to be installations subject to the provisions of this Agreement applicable to the Canal operating areas as stated below:

(i) Thirty calendar months following the entry into force of this Agreement:

(A) The Balboa Police Station complex (801, 801–R, 801–S, 801–T and 801–U).

(B) The Balboa Magistrates Court (803).

For the purposes of this provision, the Balboa Police Station complex and the Balboa Magistrates Court are identified on the map attached hereto as Attachment No. 21, SK 529–25–3A, in the manner indicated on the legend thereof.

(ii) Three years following the entry into force of this Agreement:

(A) The Ancon District Court (310).

(B) The Cristobal Police Training Center (1107).

For the purposes of this provision, the Ancon District Court is identified on the map attached hereto as Attachment No. 22, SK 529–25–1A, in the manner indicated on the legend thereof, and the Cristobal Police Training Center is identified on the map attached hereto as Attachment No. 23, SK 529–25–15A, in the manner indicated on the legend thereof.

(iii) At such time as the United States ceases to use such installations:

(A) The Balboa Commissary Installation (725 and 726).

(B) The Coco Solo Commissary installation (100 and 22).

For the purposes of this provision, the Balboa Commissary Installation is identified on the map attached hereto as Attachment No. 21, SK 529–25–3A, and the Coco Solo Commissary installation is identified on the map attached hereto as Attachment No. 24, SK 529–25–16A.

(iv) At such time as the following areas and installations are required by the Republic of Panama for expansion of the Port of Balboa:

(A) The Pier 20 area (including 57 and 57–X).

(B) The Scrap Yard area (less 42).

For the purposes of this provision, these areas and installations are identified on the map attached hereto as Attachment No. 25, SK 529–25–4A, in the manner indicated on the legend thereof.

2. The Housing Areas are as follows:

(a) Coco Solo, as identified on the map attached hereto as Attachment No. 19, SK 529–25–16, in the manner indicated on the legend thereof.

(b) France Field (Gold Hill), as identified on the map attached hereto as Attachment No. 20, SK 529–25–18, in the manner indicated on the legend thereof.

(c) Margarita, as identified on the map attached hereto as Attachment No. 13, SK 529–25–12, in the manner indicated on the legend thereof.

(d) Mindi, as located on the map attached hereto as Attachment No. 1 (approximate center at Coordinate 202286).

(e) Gatun, as identified on the map attached hereto as Attachment No. 12, SK 529–25–11, in the manner indicated on the legend thereof.

(f) Gamboa, as identified on the map attached hereto as Attachment No. 11, SK 529–25–10, in the manner indicated on the legend thereof.

(g) Cardenas (Commission housing), as identified on the map attached hereto as Attachment No. 26, SK 529–25–7A, in the manner indicated on the legend thereof.

(h) Los Rios, as identified on the map attached hereto as Attachment No. 10, SK 529–25–7, in the manner indicated on the legend thereof.

(i) Corozal, as identified on the map attached hereto as Attachment No. 10, SK 529–25–7, in the manner indicated on the legend thereof.

(j) Diablo, as identified on the map attached hereto as Attachment No. 9, SK 529–25–6, in the manner indicated on the legend thereof.

(k) Balboa (La Boca), as identified on the maps attached hereto as Attachments Nos. 6 and 8, SK 529–25–3 and SK 529–25–5, in the manner indicated on the legends thereof.

(l) Balboa Heights, as identified on the map attached hereto as Attachment No. 5, SK 529–25–2, in the manner indicated on the legend thereof.

(m) Ancon, as identified on the map attached hereto as Attachment No. 4, SK 529–25–1, in the manner indicated on the legend thereof.

(n) 18 housing units located within the area identified as the "Summit Naval Radio Station" on the map attached hereto as Attachment No. 1, in the event, and at such time as the area ceases to be a Military Area of Coordination.

(o) Cardenas (FAA housing), as identified on the map attached hereto as Attachment No. 27, SK 529–25–7AA, in the manner indicated on the legend thereof, in the event and at such time as the use of said housing area by the Federal Aviation Administration terminates and the area ceases to be an area subject to a separate bilateral agreement.

3. The accessory installations and facilities outside the areas made available for the use of the United States which the United States may continue to use are as follows:

(a) aids to navigation;

(b) triangulation stations;

(c) hydrographic stations and telemetering stations;

(d) spoil dump areas;

(e) ship beaching areas;

(f) saddle dams, dikes and water control structures;

(g) piers and docks;

(h) bank stability surveillance and protection systems;

(i) support facilities; and,

(j) other existing facilities and installations required for the management, operation, or maintenance of the Canal (such as maintenance facilities, utility lines, and pipelines).

4. The Anchorages are as follows:

(a) The Pacific anchorage area, as identified on navigational chart No. 21603, attached hereto as Attachment No. 28, in the manner indicated on the legend thereof.

(b) The Atlantic anchorage area, as identified on navigational chart No. 26068, attached hereto as Attachment No. 29, in the manner indicated on the legend thereof.

5. The areas for expansion of the Anchorages are as follows:

(a) The Pacific anchorage expansion area, as identified on the navigation chart attached hereto as Attachment No. 28, in the manner indicated on the legend thereof.

(b) The Atlantic anchorage expansion area, as identified on the navigational chart attached hereto as Attachment No. 29, in the manner indicated on the legend thereof.

(c) The Limon Bay anchorage expansion area, as identified on the navigational chart attached hereto as Attachment No. 29, in the manner indicated on the legend thereof.

6. The following land and water areas outside of the areas made available for the use of the United States pursuant to the Panama Canal Treaty are also subject to the land use licensing procedure set forth in Article V of this Agreement as stated:

(a) As of the entry into force of this Agreement:

(i) The Chagres River between Gamboa and Madden Dam to the 100 foot contour line. The Chagres River between Gatun Dam and the Caribbean Sea to the 30 foot contour line.

(ii) Near to the Atlantic entrance to the Canal:

—Within Limon Bay, those areas west of the Canal's channel that are not within the Canal operating area.

—Outside Limon Bay, for a distance of 3 kilometers on each side of the center line of the Canal's channel from the breakwater north for a distance of 3 nautical miles.

(iii) Near the Pacific entrance of the Canal:

—Along the east bank of the Canal from Balboa Port south to the Amador causeway, 30 meters inland from the high water mark.

—Along that portion of the Amador causeway extending from the southern limit of the Fort Amador mainland to Naos Island, the area northeast of the causeway for a distance of 1 kilometer.

—The water areas within a distance of 3 kilometers each side of the center line of the Canal channel from a point (Coordinate 603855) near Naos Island extending southeast paralleling the Canal center line for a distance of 3 nautical miles.

—The water areas between the easterly boundary of the Howard Air Force Base-Fort Kobbe Complex and the Canal channel.

(b) Three years after the entry into force of this Agreement:

Canal Zone Penitentiary area (Gamboa), as described in subparagraph 1(b) above.

Annex B

Ports of Balboa and Cristobal

The areas and installations of the Ports of Balboa and Cristobal, as well as certain specific use rights and guarantees granted by the Republic of Panama to the United States in connection therewith, are described below and, in the case of the said areas and installations, are identified, but not definitively, on the maps attached hereto and referenced herein and on various maps attached to Annex A. When areas or installations are depicted on more than one map of different scales, the identification on the map with the largest scale shall be controlling. More precise identifications and exact boundaries shall be agreed upon as soon as practicable and in the same manner as described in Annex A. When the aforementioned identifications have been completed and agreed

upon, they shall be controlling as to the boundaries of the installations and areas described in this Annex.

1. The boundaries of the Ports of Balboa and Cristobal are identified on the maps attached hereto as Attachments Nos. 1 and 2, respectively, in the manner indicated on the legends thereof.

2. The United States shall have the right to use, for the management, operation, maintenance, protection and defense of the Canal, the following port installations and equipment which the Republic of Panama shall maintain in efficient operating condition:

(a) Docks 6, 7, 14, 15, 16, 17, and Pier 18, including fendering systems, capstans, camels, bollards, bits, and wearing surfaces, railroad spurs, crane tracks, signal lights, water lines, sewers, compressed air lines, power cables, telephone cables, duct lines and material handling equipment, tunnels, and switch gear.

(b) Facilities.

(i) Drydock No. 1, including all of the following facilities, equipment and utilities required to support its operation:

(A) Drydock Miter Gates and two electric motors and mechanical systems for opening and closing the gates.

(B) Fifty keel blocks and one hundred and fifty hauling blocks, including all hauling block tracks, chain sheaves, brackets, hauling chains, and blocking dogs.

(C) Ten capstans.

(D) Flooding/dewatering tunnels.

(E) Four dewatering pumps, two drainage pumps, and one salt water pump.

(F) All valves, bulkheads, and screens in the flooding and dewatering system.

(G) Three stationary 1,600 CFM Joy Air Compressors.

(H) One elevator.

(I) Sixteen portable rain sheds.

(J) Dock 8.

(K) All electrical switch gear, lighting and power systems, water and compressed air piping, and hydraulic control systems located in Building 29, the Drydock and Dock 8.

(ii) Buildings:

Numbers	Description
1	Machine Shop
1–C	Facilities Building (Storage)
1–D	Launch Repair
1–G	Pipe Shop
1–H	Central Toolcrib, Hose and blower room; power tool repair shop
29	Pump and compressor plant
32	Drydock block storage shed
17, 18, 20, 25 & 30	Toilet and locker rooms

All utility tunnels, electrical, air and water systems which serve these buildings.

(c) Machine Tools and Equipment:

(i) Cranes D–4 (50-ton, steam), and D–19–N (30-ton, diesel-electric) and all trackage.

(ii) Portable 5-ton electric cranes (US–28 and 52).

(iii) Overhead Cranes: Two in Bldg. 29; two in Bldg. 1.

(iv) Scaffolding and gangways.

(v) Bolt Cutting and threading machine, M–569–N.

(vi) Grinding machine, M–723–N.

(vii) Band saws: T–222–N, T–227–N, XT–627, N–27, and BR–65.

(viii) Lathes: M–267, M–539–N, M–820–N, L–121–N, L–132, XM–729–N, XM–741–N, and XM–808–N.

(ix) Milling machines: M–575–N, L–99–N, L–100–N and L–118–N.

(x) Planers: M–178 and M–824–N.

(xi) Drill presses: M–578–N, M–701 and M–709–N.

(xii) Wood Lathe, N–36.

(xiii) Wood Planer, N–24.

(xiv) Wood jointer, M–197–N.

(xv) Jointer-Planer, BR–64.

(xvi) Wood saw, M–29–N.

(xvii) Bench saw, BR–66.

(xviii) Disc sander, N–32.

(xix) Surfacing machine, L–207.

(xx) Threading machines, L–194 and T–223–N.

(xxi) Shear, XT–290.

(xxii) Dynamometer, L–172.

(xxiii) Bolt-heading machine, F–174–N.

(xxiv) Grinding machines, XW–599–N and XM–758.

(xxv) Bending machine, T–231–N.

(xxvi) Mortising machine, XW–707–N.

(xxvii) Router and boring machine, XW–820–N.

(xxviii) Edge planer, XB–872.
(xxix) Table saw, XW–572–N.

3. The United States shall have the right, on a guaranteed basis, to use the following installations and port services in accordance with the Commission's maintenance schedules or for emergency repairs:

(a) The facilities listed in paragraph 2(b) of this Annex.

(b) The machine tools and equipment listed in paragraph 2(c) of this Annex.

(c) Access.

(i) Paved yard area adjacent to Drydock No. 1 and to the buildings listed in subparagraph 2(b)(ii) of this Annex.

(ii) Required water access for floating equipment and vessels from Canal operating area to Drydock No. 1 includes water depth sufficient to clear gate sill (−39.5 feet PLD) and sufficient lateral clearance between Docks 7 and 8 to permit safe entry.

Annex C

Procedural Guarantees

A United States citizen employee, or a dependent, prosecuted by the Panamanian authorities shall be entitled to the following procedural guarantees:

(a) To a prompt and speedy trial.

(b) To be informed, in advance of trial, of the specific charge or charges made against him.

(c) To be confronted with and to be allowed to cross-examine the witnesses against him.

(d) To have evidence and witnesses in his favor presented. The authorities shall submit such evidence and call the witnesses if they are within the Republic of Panama.

(e) To have legal representation of his own choice for his defense during all investigative and judicial phases from the time of submission to questioning and throughout the entire proceedings; or, if he indicates he lacks funds for his defense, to be defended by the appropriate public defender.

(f) To have the services of a competent interpreter if he considers it necessary.

(g) To communicate with a representative of the Government of the United States and to have such a representative present, as an observer, at his trial.

(h) Not to be held guilty on account of any act or omission which did not constitute a criminal offiense under the law of the Republic of Panama at the time it was committed.

(i) To be present at his trial which shall be public. However, without prejudice to the procedural guarantees in this Annex, persons whose presence is not necessary may be excluded, if the court so decides for reasons of public orders or morality.

(j) In his proceedings to have the total burden of proof laden upon the Public Prosecutor or the prosecution.

(k) To have the court consider only voluntary confessions and evidence properly obtained in accordance with the requirements of the law.

(l) Not to be compelled to testify against or otherwise incriminate himself.

(m) Not to be required to stand trial if he is not physically or mentally fit to stand trial and participate in his defense.

(n) Not to be tried or punished more than once for the same offense.

(o) To have the right to appeal a conviction or sentence.

(p) To have credited to any sentence for confinement his entire period of pretrial custody.

(q) Not to be subject to the application of martial law or trial by military courts or special tribunals.

(r) To enjoy all other guarantees and rights provided for in the Constitution, Judicial Code and other laws of the Republic of Panama.

Agreed Minute to the Agreement in Implementation of Article III of the Panama Canal Treaty

1. With reference to paragraph 2 of Article I, it is agreed that skilled, technical or professional employees of the Commission, who are nationals of States other than the United States or the Republic of Panama, and their dependents, shall have the same rights and privileges as United States citizen employees and dependents under the Panama Canal Treaty and the Agreement in Implementation of Article III of that Treaty (hereinafter referred to as "the Agreement"). Presence in connection with employment by the Commission shall not be con-

sidered as residence in the Republic of Panama. However, this provision shall not apply to nationals of third States recruited within the Republic of Panama after the entry into force of the Agreement.

2. With reference to Article II, it is contemplated that the United States may be represented on the Coordinating Committee by a senior United States citizen official or employee of the Commission and that the Republic of Panama will be represented by a citizen of the Republic of Panama of corresponding level or rank.

3. With reference to Article VI:

(a) it is understood that during the five years following the entry into force of the Panama Canal Treaty, certain United States nationals employed by the United States Forces, such as employees of medical and educational facilities, and their dependents, shall be considered to be United States citizen employees and dependents.

(b) it is understood that a housing unit is an individual family apartment, bachelor apartment or bachelor room in a single or multi-dwelling building. The minimum percentages of housing units, the use of which will pass to the Republic of Panama, have been calculated on the basis of an estimated inventory of approximately 4,300 housing units owned by the Panama Canal Company immediately prior to entry into force of the Agreement.

4. With reference to paragraph 3 of Article XIII, concerning educational services that may be furnished to United States citizen employees and their dependents, it is understood that the United States may continue to furnish such services to dependents of any person, regardless of nationality, in those cases in which such dependents were enrolled in the school system of the former Canal Zone Government prior to the entry into force of the Agreement.

5. With reference to paragraph 2 of Article XIX, it is understood that, as a matter of general policy, the Republic of Panama will waive jurisdiction to the United States, at its request, in cases arising under that paragraph.

6. With reference to paragraph 4(b) of Article XIX, the five offenses under Panamanian law referred to are understood to be:

(a) Murder—the intentional killing of one person by another.

(b) Rape—the commission of an act of sexual intercourse by violence or threat and without consent with a person not his spouse, or with a person who is not capable of resisting by reason of mental or physical illness, or with a minor less than twelve years old.

(c) Robbery with violence—the act of appropriating an object of value belonging to someone else with the purpose of depriving its owner of his possession and deriving benefit from it, using violence against such person or a third person present at the scene of the act.

(d) Trafficking in drugs—the unlawful sale, exchange, or transfer for gain of marihuana, hashish, heroin, cocaine, amphetamines, barbiturates, or L.S.D.

(e) Crimes against the security of the Panamanian State—espionage, sabotage, or terrorism directed against the constituted powers or authorities of the Republic of Panama, with the purpose of overthrowing them.

7. With reference to Annex A, it is understood that the United States may continue to provide utility services, in coordination with the appropriate authorities of the Republic of Panama, for certain of those areas and facilities transferred to the Republic of Panama as provided in Article XIII of the Panama Canal Treaty. It is further understood that since the utilities systems serving many of these areas and facilities are fully integrated with those of the Canal, the United States may, on behalf of the utilities agencies of the Republic of Panama, continue to provide utilities such as power, water, and sewers to private persons or to agencies of the Government of Panama in such areas. It is further understood that the utilities agencies of the Republic of Panama will be responsible for setting rates for and billing such of its customers, and will reimburse the United States for its cost in providing such services.

8. With reference to subparagraph 1(a) of Annex A:

(a) it is understood that the Republic of Panama may construct (i) an Atlantic Coast Highway through a right-of-way to be agreed upon by the Parties, at such time as the Republic of Panama is prepared to begin construction of that highway, and (ii) a new highway on the Pacific side of the Isthmus through a right-of-way to be agreed upon by the Parties at such time as the Republic of Panama is prepared to begin construction of that highway. It is further understood that the bridge over the Canal, in each case, will be constructed sufficiently high so as not to interfere with the operation of the Canal or with any improvements that may be made to the Canal.

(b) it is understood that the National Port Authority of the Republic of Panama will have the right to use, free of cost, the marine bunkering facilities located on Pier 16, Cristobal, for discharging petroleum products, subject always to the right of the United States to use those facilities on a priority basis. It is further understood that, in connection with its use of those facilities, the Republic of Panama will not alter or modify Pier 16, the marine bunkering facilities or the utilities thereon, except as mutually agreed, and will reimburse the United States for any damage caused as a result of the Republic of Panama's use of such facilities.

9. With reference to paragraphs 1(d) (xxxiii) and 1(e)(i)(A) of Annex A, it is understood that the United States shall make available to the Republic of Panama appropriate areas within the Balboa Police Station Complex for police liaison purposes for the thirty-month transition period following the entry into force of the Agreement. It is understood that at the end of that period, the provisions of paragraph 2(b) of Article XIII of the Panama Canal Treaty shall apply. With reference to paragraph 1(d)(cxx) of Annex A, it is understood that the United States shall, if requested by the Republic of Panama, make available to the Republic of Panama appropriate areas within the Cristobal Police Station (located in Building 1105) for police liaison purposes for the aforesaid thirty-month period and, thereafter, for general police functions.

10. With reference to subparagraphs 1(e)(iv)(A) and (B) of Annex A, it is understood that at such time as Pier 20 and the Scrap Yard area referred to therein cease to be areas subject to the provisions of the Agreement applicable to the Canal operating areas, the Republic of Panama will provide comparable and acceptable pier space in Balboa Harbor and scrap yard areas for the use of the Commission at no charge.

11. With reference to paragraph 2 of Annex A, it is understood that the United States may continue to operate and maintain noncommercial recreational and community service areas and facilities for the benefit of all occupants of the housing areas and all employees of the Commission, and their dependents, on a nondiscriminatory basis. It is further understood that recreational and community service activities conducted in such areas and facilities will be noncommercial, and there will be no user charges associated therewith unless otherwise agreed by the Parties.

12. With reference to subparagraph 3(d) of Annex A, it is understood that such spoil dump areas include the spoil dump areas identified on the navigational charts attached thereto as Attachments 28 and 29, in the manner indicated on the legend thereof.

13. With reference to subparagraph 3(j) of Annex A, it is understood that the Republic of Panama will not undertake or permit any construction, excavation or other activity which may endanger or encroach upon underground or aboveground installations, including pipes, ducts, culverts, cables, microwave paths and transmission lines, except as may be otherwise agreed in the Coordinating Committee.

14. With reference to Attachment Nos. 1 and 6 of Annex A, it is understood that the Republic of Panama shall continue to use the Balboa Fire Station (Building 703, Attachment No. 6) and the Coco Solito Fire Station (Building 96, Attachment No. 1, Coordinates 231328) as fire protection installations throughout the life of the Agreement, unless otherwise agreed by the Parties. The provisions of paragraph 2(a) of Article XIII of the Panama Canal Treaty apply to such fire stations. It is further understood that the United States, which may continue to provide fire protection of Commission areas and installations, and the Republic of Panama, which is responsible for fire protection generally throughout its territory, will review periodically the most effective allocation of both Parties' fire protection resources, and, if appropriate, the United States will transfer to the Republic of Panama such other fire stations as are excess to its needs. The Republic of Panama shall continue the use of any installations so transferred as fire protection installations for the life of the Agreement, unless otherwise agreed. It is understood also that both Parties will cooperate fully in ensuring effective and efficient delivery of fire protection services throughout the vicinity of the Canal.

15. With reference to Attachments 1, 14 and 15 to Annex A, it is understood that prior to authorizing any new use of or activities in the townsites of Pedro Miguel (Attachment No. 14) or Paraiso (Attachment No. 15) or (a) the land areas within a distance of 3 kilometers each side of the center line of the Canal channel from a point (Coordinates 603855) near Naos Island extending southeast paralleling the Canal center line for a distance of 3 nautical miles or (b) the land areas between the easterly boundary of the Howard Air Force Base-Fort Kobbe

Complex and the Canal channel, the Republic of Panama shall ensure that the Commission concurs in writing that the proposed use or activity would be compatible with the efficient management, operation, maintenance, protection and defense of the Canal. It is further understood that the Republic of Panama (a) shall control and supervise the activities to be carried out under its responsibility in the aforementioned townsites and areas to ensure that such activities are compatible with such purposes, and (b) shall take the measures necessary to prevent, or to terminate, any activity that, in the opinion of the Commission, is incompatible with such purposes. It is further understood that, with reference to the aforementioned townsites of Pedro Miguel and Paraiso, the provisions of paragraphs 4 and 6 of Article VI of the Agreement will apply thereto.

16. With reference to Attachment No. 4 to Annex A, it is understood that for thirty calendar months following the entry into force of the Agreement the United States may, for activities related to the management, operation or maintenance of the Panama Canal, continue to use certain office space located in the Civil Affairs Building (Building No. 0610), title to which is transferred to the Republic of Panama upon the entry into force of the Agreement as provided in Article XIII of the Panama Canal Treaty. It is further understood that, notwithstanding paragraph 4(xiii) of the Annex to the Panama Canal Treaty, the Commission may use such building to operate and maintain the museum and library collections which are located therein upon the entry into force of the Agreement.

17. With reference to Attachment No. 6 to Annex A:

(a) it is understood that the Republic of Panama shall ensure that recreational and entertainment activities comparable to those currently provided will continue to be provided in the Bowling Alley, Cafeteria, and Theater located in Balboa (Buildings 717–X, 727, and 727–C) throughout the life of the Agreement, unless otherwise agreed by the Parties. The provisions of paragraph 2(a) of Article XIII of the Panama Canal Treaty apply to such facilities.

(b) it is understood that the Republic of Panama shall continue use of the Balboa Post Office (Building 724) and the Gamboa Post Office (Building 61) as postal service installations throughout the life of the Agreement, unless otherwise agreed by the Parties. The provisions of paragraph 2(a) of Article XIII of the Panama Canal Treaty apply to such post offices.

18. With reference to Attachment 7 to Annex A, it is understood that the Republic of Panama will permit access to and scheduled use of the baseball and softball fields located in the Port of Balboa by organized leagues until such time as the area in which such fields are located is converted to other use. It is further understood that at such time as any of such fields is converted to other use, the Republic of Panama will make available, without charge, other areas suitable for the use of organized leagues.

19. With reference to Attachment No. 18 of Annex A, it is understood that appropriate areas in the Cristobal Administration Building (Building 1105) shall be made available to the postal service system of the Republic of Panama for postal service purposes.

20. With reference to Attachment 1 to Annex B:

(a) it is understood that the Ports and Railroads Committee will not approve any activity within the area which constituted the Corozal Antenna Field, prior to the entry into force of the Agreement, which would require construction of piers, docks, quays, or any similar structures along the banks of the Canal or within 250 feet of such banks.

(b) it is understood that the installations, shipyards, buildings, and equipment within said buildings, which make up the Naval Industrial Reserve Shipyard and which, in accordance with Article V of the Agreement, shall be made available to the United States in event of a defense emergency, include the following facilities: Drydocks 1, 2, and 3; Docks 7, 8, 12, and 13; Cranes D–4 and D–19–N; Buildings 1, 1A, 1C, 1D, 1G, 1H, 1J, 30, 17, 31, 20, 18, 2, 2A, 3, 4, 4B, 29, 25, 16, 11, 23, 12, 29B, 12A, 12X, and 13; the transfer table and capstans. It is understood, however, that only those of the above facilities which have been transferred to the Republic of Panama shall be deemed to be included within the Naval Industrial Reserve Shipyard for the purposes of paragraph 2(g) of Article V of the Agreement.

(c) it is understood that the Republic of Panama will permit the American Legion and the Balboa Yacht Club to continue their operations in Building 1370 and the adjacent facilities, unless otherwise agreed in the Ports and Railroads Committee.

21. With reference to Attachment 2 to Annex B, it is understood that the United States may use Pier 8 in the Port of Cristobal for berthing and handling cargo for the SS Cristobal, or for any successor to it, on a priority basis.

Agreement in Implementation of Article IV of the Panama Canal Treaty

Whereas, the Republic of Panama and the United States of America have signed on this date the "Panama Canal Treaty" to regulate the system pertaining to the operation, maintenance, administration, protection and defense of the Panama Canal in harmony with the Charter of the United Nations;

Whereas, the Republic of Panama shall permit the United States to use certain parts of its territory for the protection and defense of the Panama Canal, with the participation of the Panamanian Armed Forces as is established under Article IV of the "Panama Canal Treaty" subscribed on this date;

Whereas, in order to determine the system applicable to the members of the Armed Forces of the United States, the civilian component, and dependents, accompanying them during their stay in the Republic of Panama for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree, and for the purpose of regulating the use of the defense sites;

Pursuant to the "Panama Canal Treaty," the following has been agreed upon:

Article I

Definitions

(1) Defense Sites: Those areas, and the installations within them, which the Republic of Panama by this Agreement permits the United States Forces to use for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree, a list of which is set forth in paragraph (1) of Annex A of this Agreement.

(2) United States Forces: The land, sea and air armed services of the United States of America.

(3) Members of the Forces: The military personnel of the United States Forces on active duty who are in the Republic of Panama for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree.

This term includes those military personnel of the United States Forces on active duty and present in the Republic of Panama on temporary duty from other stations, or on board aircraft or vessels of the United States Forces which are in transit or visiting on official business.

Solely for purposes of the privileges authorized under Articles X, XI, and XVIII of this Agreement, this term also includes those military personnel of the United States Forces on active duty, assigned to other stations and present in the Republic of Panama on official leave.

(4) Members of the civilian component:

(a) Nationals of the United States, to whom United States passports have been issued, who are employed by the United States Forces and assigned to the defense sites in the Republic of Panama.

(b) Nationals of third countries employed by the United States Forces, who are assigned to the defense sites and who are not habitual residents of the Republic of Panama.

(c) Other categories of persons which could be agreed upon as exceptions by the two Governments.

This term includes personnel on temporary duty and civilian crew members of aircraft and vessels of the United States Forces which are in transit or visiting on official business.

For the purpose of this definition, presence in connection with employment by the United States Forces shall not be considered as residence in the Republic of Panama.

(5) Dependents: The spouse and children of members of the Forces or of the civilian component, and other relatives who depend on them for their subsistence and who habitually live with them under the same roof.

Article II

Non-Intervention Principle

The members of the Forces or the civilian component, dependents, and designated contractors of the United States Forces shall respect the laws of the Republic of Panama and shall refrain from any activity inconsistent with the spirit of this Agreement. Especially, they shall abstain from all political activity in the Republic of Panama as well as from any interference in the internal affairs of the Republic.

The United States shall take all measures within its authority to ensure that the provisions of this Article are fulfilled.

ARTICLE III

JOINT COMMITTEE

(1) A Joint Committee shall be established which shall start to function upon the entry into force of this Agreement and which shall be composed of a representative of the Republic of Panama and of the United States of America at the level and rank to be agreed upon by both Governments, and who may have one or more deputies, on a parity basis.

(2) The Joint Committee shall perform the functions specifically indicated by the provisions of this Agreement, and others entrusted to it by both Governments concerning the implementation of this Agreement.

(3) The Joint Committee shall determine its rules of procedure within the spirit of this Agreement and may designate the subcommittees it may deem necessary for the fulfillment of its functions.

(4) The Joint Committee shall be organized in such a manner that it may meet promptly and at any time upon request of the representative of the Republic of Panama or of the United States. The Joint Committee shall send a monthly report on its activities to the Governments of the Republic of Panama and the United States.

(5) The Joint Committee shall refer to the two Governments, for their consideration through appropriate channels, any matters which it has not been able to resolve.

ARTICLE IV

USE OF DEFENSE SITES

(1) The United States Forces may use the defense sites listed in paragraph (2) of Annex A of this Agreement. Moreover, Annex A includes a list of military areas of coordination which may be used by the Armed Forces of both Governments in accordance with Annex B of this Agreement.

(2) Annex A of this Agreement shall be examined every two years or upon the request of either Government, and shall be revised to reflect any agreed elimination or change in areas. The United States Forces may notify the Republic of Panama at any time that the use of a defense site or a military area of coordination or of a specified portion thereof, or other right granted by the Republic of Panama is no longer required. Under such circumstances, said use or other right shall cease on the date determined by the two Governments.

(3) The United States Government may, at any time, remove from the Republic of Panama, or dispose of in the Republic of Panama in accordance with conditions to be agreed upon by the two Governments, all equipment, installations, material, supplies or other removable property brought into, acquired or constructed in the Republic of Panama by or for the United States Forces. Property left by the United States in a defense site after the date the use of such site by United States Forces ceases shall, unless agreed otherwise by the two Governments, become the property of the Republic of Panama.

(4) At the termination of any activities or operations under this Agreement, the United States shall be obligated to take all measures to ensure insofar as may be practicable that every hazard to human life, health and safety is removed from any defense site or a military area of coordination or any portion thereof, on the date the United States Forces are no longer authorized to use such site. Prior to the transfer of any installation, the two Governments will consult concerning: (a) its conditions, including removal of hazards to human life, health and safety; and (b) compensation for its residual value, if any exists.

(5) The United States Forces shall have responsibility for control of entry to the defense sites. The Republic of Panama may share in the exercise of this control, in a manner to be agreed upon in the Joint Committee. Necessary signs, in Spanish and English, requested by the United States Forces through the Joint Committee will be erected outside the defense sites, expressing that the sign is erected under the authority of the Republic of Panama.

(6) Since the Republic of Panama is a signatory to the Latin American Denuclearization Treaty (Tlatelolco), the United States shall emplace no type of nuclear armament on Panamanian territory.

(7) The Joint Committee will constitute the means of communication and information between the two Governments with regard to matters pertaining to the implementation of this Article.

ARTICLE V

FLAGS

(1) All of the territory of the Republic of Panama, including the defense sites, shall be under the flag of

the Republic of Panama and, consequently, within such sites the Panamanian flag shall always occupy the position of honor. Within the defense sites, the flag of the United States shall also be flown jointly with the Panamanian flag. The Joint Committee shall determine the manner of displaying the flags.

(2) At the entrances, outside the defense sites, only the flag of the Republic of Panama will be flown.

Article VI

Criminal Jurisdiction

(1) The authorities of the Republic of Panama shall have jurisdiction over members of the Forces or the civilian component, and dependents, with respect to offenses arising from acts or omissions committed in the Republic of Panama and punishable under the laws of the Republic of Panama. Nevertheless, the Republic of Panama permits the authorities of the United States to exercise criminal jurisdiction within defense sites, and, consequently, to have the primary right to exercise jurisdiction over acts which are criminal acts according to United States law, and which are committed within such sites by members of the Forces or the civilian component, or dependents.

(2) The Republic of Panama also permits the authorities of the United States to have the primary right to exercise criminal jurisdiction over members of the Forces or the civilian component, and dependents, for any offense committed outside the defense sites, in the following cases:

(a) If the offense is solely against the property or security of the United States. It is understood that offenses against the security of the United States include: treason or sabotage against the United States, espionage or violation of any law relating to official secrets of the United States or to secrets relating to the national defense of the United States.

(b) If the offense is solely against the person or property of a member of the Forces or the civilian component, or a dependent.

(c) If the offense arises out of an act or omission done in the performance of official duty, in which case, when requested by the Panamanian authorities or when the military authorities of the United States may deem it necessary, the military authorities of the United States shall issue a certificate establishing that the offense originated from an act or omission occurring in the performance of official duty. Panama shall consider this certificate as sufficient proof for the purposes of this paragraph, or shall request a review by the Joint Committee within ten days from the receipt of the certificate. The Joint Committee shall complete its review within ten days from the receipt of the request, except when more thorough consideration is required, in which case the Joint Committee shall complete its review within thirty days.

A substantial deviation from the duties which a person is required to perform in a specific mission shall generally indicate an act or omission not occurring in the performance of official duty, and, consequently, the military authorities of the United States will not consider it necessary to issue a certificate of official duty.

(3) The provisions of this Article notwithstanding, the Republic of Panama shall always reserve the right to exercise jurisdiction over members of the civilian component and dependents who are Panamanian nationals or habitual residents of Panama.

(4) The authorities of the Government having the primary right to exercise jurisdiction over an offense shall give sympathetic consideration to any request from the authorities of the other Government for permission to exercise jurisdiction. Such requests may be discussed in the Joint Committee.

(5) (a) The appropriate authorities of the Republic of Panama and of the United States shall assist each other in the arrest of members of the Forces or the civilian component, and dependents, and in their delivery to the authority which is to have custody in accordance with the provisions of this Article.

(b) The authorities of the Republic of Panama shall notify the authorities of the United States as promptly as possible of the arrest of any member of the Forces or the civilian component, or a dependent.

(c) The following procedure shall govern the custody of an accused member of the Forces or the civilian component, or a dependent, over whom the Republic of Panama is to exercise jurisdiction:

(i) If the accused is detained by the United States authorities, he shall, except when charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, remain with such authorities pending the conclusion of all judicial proceedings and thereafter until custody is requested by the authorities of the Republic of Panama for the execution of a sentence.

(ii) If the accused is detained by the authorities of the Republic of Panama he shall, except when charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, be handed over on request to the United States authorities in whose custody he shall remain until completion of all judicial proceedings and thereafter until custody is requested by authorities of the Republic of Panama for the execution of a sentence.

(iii) When charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, the accused shall be handed over to Panamanian authorities upon their request, or if already in their custody, shall remain with them. In these cases the authorities of the Republic of Panama shall give sympathetic consideration to requests for custody by the United States authorities.

(6) (a) The United States authorities shall give full consideration to special requests regarding conditions of custody made by the authorities of the Republic of Panama.

(b) When the accused is in the custody or has been delivered into the custody of the United States authorities he must, upon request by the authorities of the Republic of Panama, be made available to them for the purposes of investigation and trial. This obligation of the United States to ensure the appearance of an accused member of the Forces or the civilian component, or a dependent, will be deemed to satisfy the bail requirement set by the laws of the Republic of Panama.

(7) (a) The authorities of the Republic of Panama and the United States shall assist each other in carrying out all necessary investigations of offenses and in the collection and production of evidence, including the seizure and, in proper cases, the delivery of objects connected with an offense and the appearance of witnesses as necessary.

(b) The authorities of the Republic of Panama and the United States shall, upon request by the other Government, inform each other of the status of cases referred to under the provisions of this Article.

(8) The authorities of the United States shall not carry out a death sentence in the Republic of Panama. As is provided in the laws of the Republic of Panama, a member of the Forces or the civilian component, or a dependent, who has been convicted by a Panamanian court shall not be subject to the death penalty or to any form of cruel and unusual punishment or treatment.

(9) When an accused member of the Forces or the civilian component, or a dependent, has been tried in accordance with the provisions of this Article by the authorities of the Republic of Panama or by authorities of the United States and has been acquitted, or has been convicted and is serving, or has served, his sentence, or has been pardoned, he shall not be tried again for the same offense within the territory of the Republic of Panama. However, nothing in this paragraph shall prevent the military authorities of the United States from trying a member of the Forces for any violation of rules of discipline arising from an act or omission which constituted an offense for which he was tried by the authorities of the Republic of Panama.

(10) Whenever a member of the Forces or the civilian component, or a dependent, is tried by the Panamanian authorities, he shall be entitled to the procedural guarantees listed in Annex D of this Agreement.

(11) At any time during the detention by the authorities of the Republic of Panama of a member of the Forces or the civilian component, or a dependent, the Panamanian authorities shall permit the military authorities of the United States to visit said member or dependent. Members of his immediate family may visit him weekly. Material and medical assistance (such as food, clothing and comfort items) which the United States authorities and members of his immediate family may consider desirable, and any other assistance which is in accordance with or allowed by Panamanian prison regulations, may be provided to him on such visits.

(12) The Joint Committee will constitute the means of communication and information between the two Governments with regard to matters pertaining to the implementation of this Article.

Article VII

Civilian Employment

The following principles shall govern civilian employment by the United States Forces:

(1) In order to set forth their rights and obligations as the employer, the United States Forces shall draw up regulations which shall contain the terms, conditions and prerequisites for all categories of their

civilian employees. These regulations shall be provided to the Republic of Panama through the Joint Committee.

(2) In conformity with the principles of the labor laws of the Republic of Panama, such regulations shall establish employment preferences in all levels for Panamanian applicants possessing the requisite skills and qualifications. Accordingly, the United States Forces shall endeavor to ensure that the number of Panamanian nationals employed by them in relation to the total number of civilian employees will conform to the proportion established under Panamanian law. Similarly, the terms, conditions and prerequisites for the employment of Panamanian personnel shall conform with the general principles contained in the labor laws of the Republic of Panama.

(3) All civilian employees of the United States Forces, except those who are nationals of the Republic of Panama or who have obtained permanent resident status therein, shall be subject to a system of periodic rotation which will limit their period of employment by the United States Forces in the Republic of Panama. The regulations providing for such rotation shall be provided to the Republic of Panama through the Joint Committee.

(4) With regard to wages, there shall be no discrimination on the basis of nationality, sex or race. Payments by the United States Forces of additional remunerations to persons of any nationality, including Panamanian citizens, who are recruited outside of Panama and must therefore change their place of residence, shall not be considered to be discrimination for the purposes of this Article.

(5) The United States Forces shall take the measures called for under the laws of the Republic of Panama with regard to the application of the tax and social security laws to their employees who are subject to Panama's taxation and social security system, including withholding of tax or social security payments from their salaries.

Article VIII

Acquisition of Panamanian Supplies and Services

(1) The United States Forces shall give preference to the procurement of supplies and services obtainable in the Republic of Panama. Such preference shall apply to the maximum extent possible when such supplies and services are available as required, and are comparable in quality and price to those which may be obtained from other sources. For the comparison of prices there will be taken into account the cost of transport to the Republic of Panama, including freight, insurance and handling, of the supplies and services which compete with Panamanian supplies and services. In the acquisition of goods in the Republic of Panama, preference shall be given to goods having a larger percentage of components of Panamanian origin.

(2) Any regulations which may be necessary to carry out this preference shall be agreed upon in the Joint Committee.

Article IX

Telecommunications

(1) The Republic of Panama, in the exercise of its sovereign power over its telecommunications, authorizes the United States Forces to use the communications networks and communications-electronics installations within the defense sites, and to use the radio frequencies and transportable equipment as may be necessary for their requirements, in order to accomplish the specific purposes of the defense of the Canal, and as the two Governments may otherwise agree. The Joint Committee may adopt regulations to govern the use of such transportable equipment outside of the defense sites.

Any use presently being exercised of such networks, installations, frequencies and equipment, for purposes other than those herein authorized, shall be subject to the provisions contained in the Panama Canal Treaty, including those relating to any separation of non-military telecommunications that may be deemed necessary.

(2) The Republic of Panama also authorizes the United States Forces to use installations such as those described in the preceding paragraph already existing outside the defense sites, which serve to accomplish the purposes of the defense of the Canal, and as the two Governments may otherwise agree.

Those already existing installations outside the defense sites may be guarded by authorities of the Republic of Panama. The United States Forces shall

have access to such installations for appropriate operation, maintenance, and replacement.

(3) Provided that they are available and suitable for the purpose, the United States Forces shall use, to the maximum extent possible, the telecommunications services of the Republic of Panama in order to meet their needs, but the applicable rates shall be no less favorable than those charged to governmental agencies of the Republic of Panama.

(4) The United States Forces shall provide the Government of the Republic of Panama a list of all frequencies authorized or in use by the United States Forces. This list shall be submitted through the Joint Committee in ascending frequency order and shall contain as a miminum the power, bandwidth, and type of emission.

(5) The Republic of Panama undertakes not to authorize the use of any frequency which would interfere with those in use by or for the United States Forces or which they may use in the future in accordance with the Panama Canal Treaty and this Agreement.

(6) The Republic of Panama authorizes the United States Forces to use codes, ciphers, and other secure cryptographic means necessary for the specific purposes of the defense of the Panama Canal, and as the two Governments may otherwise agree.

(7) All provisions regarding telecommunications in this Article shall be in accordance with the obligations of both Governments as members of the International Telecommunication Union and the various relevant international agreements to which both Governments are signatories.

(8) Any communication with the International Telecommunication Union regarding the subject matter of this Article shall be effected exclusively by the Republic of Panama.

(9) The radio and television services of the United States Forces operating within the Republic of Panama, will:

(a) Announce at the start and termination of each day's broadcast that the emissions are authorized by the Republic of Panama; and

(b) In television programs originating locally, not use announcers appearing in military uniform.

(10) The Joint Committee may adopt any further regulations as may be necessary to implement the provisions of this Article, including necessary technical coordination.

Article X

Military Post Offices

(1) The United States may establish, maintain and operate, within the defense sites, military post offices for the exclusive use of the United States Forces, the members of the Forces or the civilian component, and dependents, and for the use of such other persons and agencies as may be agreed upon as exceptions by the two Governments through the Joint Committee. Such post offices shall transmit mail only between themselves or between themselves and other United States post offices.

(2) The United States Forces shall take all necessary measures to prevent the unauthorized use of the military post offices. The Panamanian authorities shall periodically inform the authorities of the United States, through the Joint Committee, of all applicable provisions of Panamanian laws, and the United States Forces shall, within their legal capacity, ensure that such provisions are complied with.

(3) The military post offices in the Republic of Panama shall not have direct representation before any international postal organization.

(4) The Republic of Panama may establish post offices within the defense sites, the location of which shall be agreed upon in the Joint Committee, for the transmission of mail between the defense sites and any other areas not authorized to the military post offices by this Agreement.

Article XI

Commissaries, Military Exchanges and Other Service Installations

(1) The United States may establish, regulate and use within the defense sites, commissaries, military exchanges, military banking facilities, credit unions, recreational, social and athletic facilities, schools, sanitation and medical facilities, and other categories of service facilities as may be periodically agreed upon by the two Governments through the Joint Committee, for the exclusive use of the mem-

bers of the Forces or the civilian component, and dependents, and for such other persons as may be agreed upon by the two Governments as exceptions through the Joint Committee. These service facilities and their activities, such as the import, purchase, sale and distribution of merchandise, medicine and services, shall be free of taxes, duties, liens, licenses, fees and other charges imposed by the Republic of Panama or any of its political subdivisions.

In order to take advantage of existing installations, the United States Forces may continue to use those installations already in existence outside of the defense sites, which are specified in paragraph (3) of Annex A.

(2) The military banking facilities shall be branches or agencies of banking entities duly authorized to engage in the banking business in Panama. The Government of the Republic of Panama may authorize the installation and operation within the defense sites, at locations agreed upon by the Joint Committee, of branches or agencies of Banco Nacional or other official banking entities of the Republic of Panama.

(3) It is the express objective and purpose of both Governments that the articles and services sold or provided at the commissaries and military exchanges be for the exclusive use of authorized persons. To that end the United States Forces shall, upon request, inform the Panamanian authorities, through the Joint Committee, as to the classification, nature and quantity of certain articles and services sold or provided at such establishments.

(4) With respect to the preceding paragraph, the Republic of Panama and the United States shall jointly take all the necessary measures to prevent the unauthorized use of such activities and the abuse by those who are authorized. Such measures shall include the obtaining of pertinent information and the carrying out of any verifications that may be necessary by Panamanian authorities. The procedure to be followed for these purposes shall be agreed upon by the Joint Committee.

(5) The Government of the United States shall apply appropriate disciplinary sanctions to the members of the Forces or the civilian component, and dependents, or other persons authorized as exceptions who abuse the privileges granted in this Article and commit violations in that respect. In such cases, the United States authorities shall give sympathetic consideration to requests from the Panamanian Government to exercise jurisdiction.

(6) The service facilities referred to in this Article shall grant to Panamanian supplies and services the preference referred to in Article VIII.

Article XII

Contractors and Contractors' Personnel

(1) Whenever contracts are required by the United States Forces for the performance of services or the procurement of supplies, the United States Forces shall adhere to the preferences for Panamanian sources set forth in Article VIII of this Agreement.

(2) Whenever contracts are awarded by the United States Forces to natural persons who are nationals or permanent residents of the United States or to corporations or other legal entities organized under the laws of the United States and under the effective control of such persons, such contractors shall be so designated by the United States Forces and such designations shall be communicated to the Panamanian authorities through the Joint Committee. Such contractors shall be subject to the laws and regulations of the Republic of Panama except with respect to the special regime established by this Agreement, which includes the following obligations and benefits:

(a) The contractor must engage exclusively in activities related to the execution of the work for which he has been contracted by the United States Forces, or related to other works or activities authorized by the Republic of Panama.

(b) The contractor must refrain from carrying out practices which may constitute violations of the laws of the Republic of Panama.

(c) The contractor shall enter and depart from the territory of the Republic of Panama in accordance with procedures prescribed for members of the civilian component in Article XIII of this Agreement.

(d) The contractor must obtain a certificate of professional identity which the proper authorities of the United States Forces shall issue when they are satisfied he is duly qualified. This certificate shall be sufficient to permit him to operate under Panamanian law as a contractor of the Forces. Nevertheless, the Panamanian authorities may require the registration of the appropriate documents to establish juridical presence in the Republic of Panama.

(e) The contractor shall not be obliged to pay any tax or other assessment to the Republic of Panama

on income derived under a contract with the United States Forces as long as he is taxed at a substantially equivalent rate in the United States.

(f) The contractor may move freely within the Republic of Panama, and shall have exemptions from customs duties and other charges, as provided for members of the civilian component in Articles XV and XVII of this Agreement.

(g) The contractor may use public services and installations in accordance with the terms and conditions of Article XIV of this Agreement, but shall pay non-discriminatory highway tolls and taxes on plates for private vehicles.

(h) The contractor shall be exempt from any taxes imposed on depreciable assets belonging to him, other than real estate, which are used exclusively for the execution of contracts with the United States Forces.

(i) The contractor may use the services and facilities provided for in Articles X and XVIII of this Agreement to the extent such use is authorized by the United States Forces.

(3) The United States Forces shall withdraw the designation of a contractor when any of the following circumstances occur:

(a) Upon completion or termination of the contracts with the United States Forces.

(b) Upon proof that such contractors are engaged in business activities in the Republic of Panama other than those pertaining to the United States Forces, without authorization of the Republic of Panama.

(c) Upon proof that such contractors are engaged in practices which in the view of the Republic of Panama constitute serious violations of the applicable laws of the Republic of Panama.

(4) The authorities of the United States shall notify the authorities of the Republic of Panama whenever the designation of a contractor has been withdrawn. If, within sixty days after notification of the withdrawal of the designation of a contractor who entered Panama in the capacity of a contractor, the authorities of the Republic of Panama require such contractor to leave its territory, the United States Government shall ensure that the Republic of Panama shall not incur any expense due to the cost of transportation.

(5) The provisions of this Article shall similarly apply to the subcontractors and to the employees of the contractors and subcontractors and their dependents who are nationals or residents of the United States. These employees and dependents shall not be subject to the Panamanian Social Security system.

Article XIII

Entry and Departure

(1) The United States may bring into the territory of the Republic of Panama members of the Forces or the civilian component, and dependents, for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree.

(2) (a) In order to enter or leave the territory of the Republic of Panama, the members of the Forces shall be obligated to bear only a personal identity card and individual or collective travel documentation issued by the military authorities of the United States. Such documentation must be presented to the Panamanian authorities. The two Governments shall establish through the Joint Committee the procedure to be followed in exceptional cases.

(b) To enter or leave the territory of the Republic of Panama, the members of the civilian component and dependents must possess, in addition to the travel documentation issued by the United States military authorities, a valid passport. Such documentation shall be presented to the appropriate authorities of the Republic of Panama.

(c) The United States Forces shall furnish each member of the Forces or the civilian component, and dependent, who remains in the Republic of Panama for longer than thirty days, an identity card which shall be issued under the authority of the Joint Committee in Spanish and English. Children under the age of ten years may be included on the identity card of a parent at the option of the parent. These identity cards shall be shown to the appropriate authorities of the Republic of Panama upon request.

The authorities of the Republic of Panama may request information concerning the number of such cards outstanding and the validity of any particular card. The Joint Committee and the United States Forces shall provide such information.

(3) Whenever the status of any member of the Forces or the civilian component, or dependent, is altered so that, at the time of such alteration, he is no longer entitled to remain in the Republic of Panama, the United States Forces shall promptly

notify the Panamanian authorities, and shall, if requested within a period of sixty days thereafter, ensure that transportation from the Republic of Panama will be provided at no cost to the Government of the Republic of Panama.

(4) (a) The members of the Forces or the civilian component, and dependents, shall be exempted from fiscal charges relating to their entry, stay in, or departure from the territory of the Republic of Panama. Similarly they will be exempted from obligatory services established in favor of the Republic of Panama. They shall not acquire any right to permanent residence or domicile in the Republic of Panama.

(b) Members of the Forces or the civilian component who enter the Republic of Panama to execute professional services exclusively for the United States Forces, or in its behalf, shall not be subject to the licensing regimes of the Republic of Panama, but they shall limit their professional activity to such services with the United States Forces for the specific purposes of the Panama Canal Treaty, or as the two Governments may otherwise agree.

Article XIV

Services and Installations

(1) The United States Forces, members of the Forces or civilian component, and dependents, may use the public services and installations belonging to or regulated by the Government of the Republic of Panama, but the terms and conditions of use, prices, rates and tariffs and priorities shall not be unfavorable in relation to those charged other users.

(2) For the use of public services and installations made available through a plant acquired or constructed, or equipment furnished, by the United States Government and subsequently transferred free to the Government of the Republic of Panama, preferential charges shall be granted to the United States Forces taking these circumstances into account.

(3) The United States Forces may establish and operate the supporting services and facilities it requires within the defense sites, and exceptionally, with the authorization of the Government of the Republic of Panama, outside such sites.

(4) The Republic of Panama will permit the United States Forces to continue to use in an adequate manner, accessory facilities, such as pipelines, communications, sanitation services and utilities, which serve the defense sites and are installed on land outside the defense sites. The United States Forces shall, at their cost, maintain and repair these facilities as necessary, in coordination with the proper entities of the Republic of Panama. Detailed identification of such facilities shall be made through the Joint Committee, within a period of six months from the entry into force of this Agreement unless extended by the Joint Committee for exceptional circumstances. The two Governments shall agree, through the Joint Committee, upon procedures to govern the appropriate use, access, maintenance and repair of these facilities. Similarly, procedures shall be agreed upon for coordination between the United States Forces and the competent Panamanian entities, concerning the use, access, maintenance and repair of such facilities as may serve the Republic of Panama and are situated within the defense sites.

Article XV

Movement, Licenses and Registration of Vessels, Aircraft and Vehicles

(1) (a) When in the performance of official duties, the vessels and aircraft operated by or for the United States Forces may move freely through Panamanian air space and waters, without the obligation of payment of taxes, tolls, landing or pier charges or other charges to the Republic of Panama and without any other impediment.

(b) Such vessels and aircraft shall be exempt from customs inspections or other inspections. Whenever the same carry freight, crews or passengers who are not entitled to the exemptions provided for in this Agreement, prior notice shall be given to the appropriate Panamanian authorities. Both Governments shall adopt procedures to ensure that the laws and regulations of the Republic of Panama are not violated.

(2) (a) Similarly, the vehicles and equipment of the United States Forces may, when in the performance of official duties, move freely in the Republic of Panama, without the obligation of payment of taxes, tolls or other charges to the Republic of Panama and without any other impediment. These vehicles and equipment shall be exempt from mechanical or other inspection.

Claims arising from damage caused by the United States Forces to the Panamanian road network outside the defense sites, in excess of the usual wear and tear by reason of time and its appropriate use, shall be settled as provided for in Article XX.

(b) Such official vehicles and equipment shall not be assessed any license or registration fees. These vehicles shall bear their customary United States military identification marks and an additional means of identification as may be agreed upon by the Joint Committee, to be issued under the authority of said Joint Committee and distributed by the United States Forces.

(c) In connection with the movement of any military convoys, or any large number of vehicles as a single unit, outside of the defense sites, the United States Forces shall consult with the Combined Military Board so that, if time and circumstances permit, proper traffic arrangements will be made, including accompaniment by Panamanian traffic patrols.

(3) (a) The plates, individual marks and registration documents issued by the United States for vehicles, trailers, vessels and aircraft which are the property of the United States Forces shall be accepted by the Republic of Panama.

(b) The Republic of Panama shall recognize as sufficient, the valid licenses, permits, certificates or other official classifications from the United States Government, possessed by operators of vehicles, vessels and aircraft which are property of the United States Government.

(4) (a) The vehicles, trailers, vessels and aircraft belonging to the members of the Forces or the civilian component, or dependents, shall also move freely within the Republic of Panama, in compliance with the traffic regulations and those regarding the annual mechanical inspection. The license plate fee and other obligations shall not be discriminatory.

(b) The Republic of Panama shall issue, in accordance with its laws, the appropriate documents of title and registration of vehicles, trailers, vessels and aircraft which are the property of the members of the Forces or the civilian component, or dependents, when the latter present title and registration, issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone. Applicants may retain such documents provided they leave with the Panamanian authorities a copy authenticated by the United States Forces, duly translated into Spanish.

While the corresponding request is being processed and within a term which may not exceed thirty days after its arrival in the Republic of Panama, the means of transportation mentioned above may be operated with the plates or distinctive marks issued by the United States federal or state authorities.

(c) The members of the Forces or the civilian component, and dependents, who bear drivers' licenses, vessel operators' permits, or licenses and classifications of air pilots issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone, shall receive equivalent Panamanian licenses, permits and classifications without being subjected to new tests or payments of new fees. The applicants may retain the licenses, permits and classifications of the United States or the former Canal Zone provided that they leave with the Panamanian authorities a copy authenticated by the United States Forces and duly translated into Spanish. Members of the Forces or the civilian component, and dependents, shall be permitted to drive vehicles, vessels or aircraft in the Republic of Panama with such licenses, permits and classifications during the thirty days following their first arrival in the Republic of Panama and during the subsequent period necessary for the processing of the application in Panama for a driver's license, vessel operator's permit, or license and classification as an air pilot.

(d) The Panamanian licenses, permits or classifications shall be valid for the period of time indicated in the Panamanian law and, during the continuous presence of the bearer in Panama, shall, to preserve their validity, be renewed in accordance with Panamanian laws.

Whenever Panamanian laws may require medical certifications for the renewal of licenses, permits or classifications the Republic of Panama shall accept the certifications issued by the medical services of the United States Forces, provided that said certifications are issued in Spanish.

(e) The Republic of Panama shall issue, in accordance with its laws, drivers' licenses, vessel operators' permits, and licenses and other classifications of air pilots to members of the Forces or the civilian component, and dependents, when they do not possess such documents. If any test is required as a prerequisite for the issuance of the documents mentioned, Panama shall permit the interested persons to take the examination in Spanish or Eng-

lish. Any material which the Republic of Panama may generally issue in preparation for such examinations shall be furnished, in Spanish or English, as the applicant may request.

(5) Aircraft other than those of Panama and the United States may use the runways of the defense sites only after obtaining appropriate authorization from the Republic of Panama. When deemed convenient, the two Governments shall adopt, through the Joint Committee, regulations governing the use by such aircraft.

(6) The installation, change of position or alteration of lights and other signal installations to assist in navigation of aircraft, placed or established in the defense sites or in their surroundings, shall be subject to previous consultation between the appropriate authorities of both Governments.

(7) The Republic of Panama shall adopt such measures as may be appropriate to coordinate air traffic in the Republic of Panama, so that, in a manner consistent with the mission of the United States Forces, maximum safety shall be offered to civil and military air navigation. All systems of control and coordination of military air traffic shall be developed jointly as needed for the fulfillment of the specific purposes of this Agreement. The procedures needed to bring about this coordination shall be agreed upon by the appointed authorities of both Governments, respecting always the sovereignty of the Republic of Panama over all its air space.

The Republic of Panama agrees that, for security reasons, at the request of the United States Forces it shall restrict overflights of certain of the defense sites.

(8) The Joint Committee may agree on rules and procedures that may be necessary to implement this Article.

Article XVI

Taxation

(1) By virtue of this Agreement, the United States Forces are exempt from payment in the Republic of Panama of all taxes, fees or other charges on their activities or property, including those imposed through contractors or subcontractors.

(2) Members of the Forces or the civilian component, and dependents, shall be exempt from any taxes, fees, or other charges on income received as a result of their work for the United States Forces or for any of the service facilities referred to in Articles XI or XVIII of this Agreement. Similarly, as is provided by Panamanian law, they shall be exempt from payment of taxes, fees or other charges on income derived from sources outside the Republic of Panama.

(3) Members of the Forces or the civilian component, and dependents, shall be exempt from taxes, fees or other charges on gifts or inheritance or on personal property, the presence of which within the territory of the Republic of Panama is due solely to the stay therein of such persons on account of their or their sponsor's work with the United States Forces.

(4) The Joint Committee may establish such regulations as may be appropriate for the implementation of this Article.

Article XVII

Import Duties

(1) Except for the exemptions provided for in this Agreement, the members of the Forces or the civilian component, and dependents shall be subject to the laws and regulations administered by the customs authorities of the Republic of Panama.

(2) All property imported for the official use or benefit of the United States Forces, including that imported by their contractors or subcontractors, in connection with the various activities authorized under this Agreement, shall be exempt from the payment of all customs duties or other import taxes and charges and from all license requirements.

The United States Forces shall issue a certificate, following the form adopted by the Joint Committee, stating that the property being imported is for these purposes.

(3) Property consigned to or imported for the personal use of the members of the Forces or the civilian component, or dependents shall be subject to the payment of import duties or other import taxes, except for the following:

(a) Furniture, household goods and personal effects imported by such persons for their private use within six months following their first arrival in the Republic of Panama. In the case of persons who are unable to obtain adequate housing when they first arrive in the Republic of Panama, an additional period of six months from the time they obtain

adequate housing shall be granted them for the importation of such articles, provided that the United States Forces issue a certificate stating that the person concerned has not accomplished such importation and indicating the date upon which he obtained adequate housing and its address.

(b) Vehicles imported by such persons for their private use, and the spare parts required for proper maintenance of such vehicles. The Joint Committee shall establish the limitations on the quantity and frequency of imports of such vehicles and parts;

(c) A reasonable quantity of articles for the private use of such persons, imported as personal baggage or sent into the Republic of Panama through the military post offices of the United States;

(d) Such other imports as may be expressly authorized by the competent authorities of the Republic of Panama at the request of the United States Forces.

(4) The exemptions granted in paragraph (3) of this Article shall apply only to cases involving the importation of articles exempted at the time of entry and shall not be construed as obligating the Republic of Panama to reimburse customs duties and domestic taxes collected by the Republic of Panama in connection with purchases of goods from Panamanian sources subsequent to their importation.

(5) Customs inspections shall not be made in the following cases:

(a) Members of the Forces traveling under orders, other than leave orders, who enter or depart from the Republic of Panama;

(b) Official documents under official seal and mail sent through the military postal channels of the United States;

(c) Cargo consigned to the United States Forces.

(6) Property imported under this Article and subsequently transferred to a person who is not entitled to duty-free importation shall be subject to the payment of import duties and other taxes according to the laws and regulations of the Republic of Panama. Such sales shall not be permitted when they are motivated by commercial purposes.

(7) All property imported into the Republic of Panama free of customs duties and other taxes pursuant to paragraphs (2) and (3) of this Article may be exported free of customs duties, export permits, or other export taxes and assessments. All property acquired in the Republic of Panama by, or in the name of, the United States Forces, or acquired by members of the Forces or the civilian component, or dependents, for their private use may be exported free of customs duties, export licenses or other export taxes and charges.

(8) The authorities of the United States agree to cooperate with the authorities of the Republic of Panama and shall take, within their legal authority, all such steps as may be necessary to prevent the abuse of the privileges granted under this Article to the members of the Forces or the civilian component, or dependents.

(9) In order to prevent violations of the laws and regulations administered by the customs authorities of the Republic of Panama, the two Governments agree as follows:

(a) The authorities of the Republic of Panama and the competent authorities of the United States shall mutually assist one another in the conduct of investigations and the collection of evidence.

(b) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure that articles subject to seizure by or in the name of the customs authorities of the Republic of Panama are delivered to these authorities.

(c) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure the payment by members of the Forces or the civilian component, and dependents, of such import duties, taxes, and fines as may be duly determined by the Panamanian authorities.

(10) Vehicles and articles belonging to the United States Forces that are seized from a person by the authorities of the Republic of Panama in connection with a violation of its customs or tax laws or regulations shall be delivered to the competent authorities of the United States Forces.

(11) The Joint Committee will constitute the means of communication and information between the two Governments with regard to matters pertaining to the implementation of this Article.

Article XVIII

Health, Sanitation and Education

(1) The United States Forces may furnish educational, sanitary and medical services, including veterinary services, to the members of the Forces or the civilian component, and dependents, and other persons as may be agreed upon as exceptions by the two Governments through the Joint Committee.

(2) Matters of mutual interest relative to the control and prevention of diseases and the coordination of other public health, quarantine, sanitation and education services shall be the subject of coordination in the Joint Committee.

(3) The Republic of Panama authorizes the United States Forces, in rendering such health, sanitation and education services, to apply its own regulations.

Article XIX

Surveys

The United States may carry out topographic, hydrographic, agrologic and other surveys (including taking of aerial photographs) within the defense sites. Surveys in other areas of the Republic of Panama shall require authorization from the Republic of Panama, in the manner agreed upon in the Joint Committee, and the Republic of Panama shall, at its option, designate a representative to be present. The United States shall furnish a copy of the data resulting from such surveys to the Republic of Panama at no cost.

Article XX

Claims

(1) Each Government waives its claims against the other Government for damage to any property owned by it and used by its land, sea or air armed services, in the following circumstances:

(a) If the damage was caused by a member or an employee of the armed services of the other Government, in the performance of his official duties; or,

(b) If the damage arose from the use of any vehicle, vessel or aircraft owned by the other Government and used by its armed services, provided either that the vehicle, vessel or aircraft causing the damage was being used for official purposes, or that the damage was caused to property being so used.

(2) In the case of damage caused or arising as stated in paragraph (1), to other property owned by either Government and located in the Republic of Panama, the claims shall be settled by the Government against which the claim is made. If it is not settled in due course, the claim may be pursued through diplomatic channels. Both Governments hereby waive the collection of any claims for an amount less than $1,400 U.S. or B/.1,400 which are of equal value.

(3) In cases of maritime salvage, each Government waives its claims against the other if the vessel or cargo salved was the property of the other Government and was used by its armed services for official purposes.

(4) For the purposes of this Article, any vessel chartered, requisitioned or seized in prize by a Government shall be considered its property (except to the extent that the risk of loss or liability is assumed by some other person than such Government).

(5) Each Government waives its claims against the other Government for injury or death suffered by any member of its armed services while said member was engaged in the performance of his official duties.

(6) The members of the Forces and the civilian employees of the United States Forces shall be subject to the jurisdiction of the civil courts of the Republic of Panama except in matters which arise from the performance of their official duty. In cases where payment has been accepted in full satisfaction of the claim, the civil courts of the Republic of Panama shall dismiss any proceeding concerning the matter.

(7) When personal private property subject to seizure or attachment by order of a competent authority under Panamanian law is within the defense sites, the United States authorities shall render, upon request of the Panamanian authorities, all assistance within their power in order that such property is turned over promptly to the Panamanian authorities. This paragraph shall not apply to personal property which, although privately owned, is in use by or on behalf of the United States Forces.

(8) Non-contractual claims arising from damages caused in the performance of their official duties by members or civilian employees of the United States Forces to third parties other than the two Governments shall be presented by the injured party through the Joint Committee to the appropriate authorities of the United States Forces for settlement. The authorities of the Republic of Panama may submit advice and recommendations on Panamanian law to the claim authorities of the United States for their use in evaluating liability and amount of damages.

(9) For other non-contractual claims against the members of the Forces or the civilian component, the authorities of the United States, following consulta-

tion with the appropriate authorities of the Government of Panama, shall consider the claim and, if appropriate, offer an ex gratia payment.

(10) The authorities of both Governments shall cooperate in the investigation and procurement of evidence for a fair disposition of claims under this Article.

(11) Contractual claims against the United States Forces shall be settled in accordance with the dispute clause of the contracts, and in the absence of such clause, through presentation of claims to the United States authorities through the appropriate channels.

(12) The United States Government shall require contractors and subcontractors referred to in Article XII of this Agreement to obtain appropriate insurance to cover the civil liabilities that may be incurred in Panamanian territory as a result of acts or omissions done in the performance of official duty by their employees. The Joint Committee shall establish the general standards for such insurance.

Article XXI

General Provisions

(1) The activities and operations of the United States Government shall be carried out with adequate attention to public health and safety in the Republic of Panama. Within the defense sites, whose use Panama makes available to the United States by virtue of this Agreement, the United States authorities shall adopt all the appropriate measures to cooperate for these purposes with the authorities of the Republic of Panama.

(2) When required by their official duties, members of the Forces or the civilian component may possess and carry official arms and they will conform to any standards which the Joint Committee establishes. The members of the Forces or the civilian component, and dependents, may bear private arms in accordance with applicable Panamanian laws and regulations, and regulations of the United States Forces.

(3) The members of the Forces shall be obliged to observe proper conduct in accordance with the order and discipline required by Panamanian laws and the military laws and regulations of the United States. The authorities of the Republic of Panama shall maintain vigilance that Panamanian laws and regulations shall be observed at all times.

When the order and discipline referred to in this paragraph should be breached by members of the Forces outside the defense sites, and the authorities of the Republic of Panama, for reasons of language differences or other circumstances, consider it convenient, they may request the presence of personnel of the police of the United States Forces to cooperate in the reestablishment of order and discipline, and, in such cases, the United States Forces shall be obliged to send them.

Within the defense sites, the police function shall be primarily exercised by the police of the United States Forces. The Panamanian authorities shall cooperate with the United States Forces in the fulfillment of this function, for which purpose they may locate members of the Panamanian police within the defense sites at the headquarters of the police of the United States Forces or as the Joint Committee agrees. Such cooperation shall be rendered particularly in those cases involving Panamanian nationals.

The Joint Committee may also agree on a procedure so that members of the Panamanian police and the police of the United States Forces may jointly conduct routine inspections for the maintenance of order and discipline in those places where vigilance is especially required.

(4) The United States Forces shall restrict, to the maximum extent possible, the wearing of military uniforms so that they will be worn only when necessary. The Joint Committee shall adopt standards regarding the wearing of military uniforms in other cases, as exceptions.

Article XXII

Duration

This Agreement shall enter into force when the Panama Canal Treaty signed on this date enters into force and shall terminate at noon, Panama time, on December 31, 1999.

Done at Washington, this 7th day of September, 1977, in duplicate in the English and Spanish languages, both being equally authentic.

Annex A

Defense Sites, Military Areas of Coordination and Other Installations

(1) The defense sites, military areas of coordination, and other installations, the use of which is made available by the Republic of Panama to the United States, are described below and identified, but not definitively, on the maps attached hereto and referenced herein, in the manner indicated on the legends thereof. When areas or installations are depicted on more than one map of different scales, the identification on the map with the largest scale shall be controlling. More precise identifications and exact boundaries shall be agreed upon as soon as practicable by the Joint Committee established in Article II of this Agreement after a Joint Survey to be conducted by representatives of the two Parties. When the aforementioned identifications have been completed and agreed upon, they shall be controlling as to the boundaries of the installations and areas described in this Annex.

(2) The defense sites are described generally as follows:

(a) Howard Air Force Base—Fort Kobbe—Farfan (including the Farfan Radio Receiver Facility, Farfan Annex), and United States Naval Station, Rodman, and Marine Barracks (including 193rd Brigade Ammunition Storage Area, Cocoli Housing Area and Arraijan Tank Farm) (Attachment 1);

(b) Fort Clayton—Corozal Army Reservation and Albrook Air Force Station (west) (Attachments 1, 2 and 3);

(c) Fort William D. Davis Military Reservation, to include Dock 45 and the adjacent water area and Atlantic general depot area, (Attachments 1 and 4);

(d) Fort Sherman Military Reservation, (Attachment 1); and

(e) Galeta Island; United States Navy Transisthmian Pipeline; and Semaphore Hill Long-Range Radar and Communications Link, (Attachment 1).

(3)(a) The Military Areas of Coordination are described generally as follows:

(i) General Military Areas of Coordination:

(aa) Quarry Heights, except for housing made available to Panama pursuant to paragraph (5)(b) of Annex B to this Agreement (Attachments 1 and 5);

(bb) United States Naval Station, Panama Canal, Fort Amador (Attachments 1 and 6); and

(cc) Fort Gulick (Attachments 1 and 7).

(ii) Military Areas of Coordination for Training (Attachment 1):

(aa) Empire Range;

(bb) Piña Range;

(cc) Fort Sherman West; and

(dd) Fort Clayton Training Area.

(iii) Military Areas of Coordination for Housing:

(aa) Curundu Heights, except for housing made available to the Republic of Panama pursuant to paragraph (5)(b) of Annex B to this Agreement (Attachments 1 and 8);

(bb) Herrick Heights (Attachments 1 and 9);

(cc) Coco Solo South (Attachments 1 and 10);

(dd) Fort Amador, except for Buildings 1 through 9, 45 through 48, 51, 57, 64 and 93, and for housing made available to the Republic of Panama pursuant to paragraph (5)(b) of Annex B to this Agreement (Attachments 1 and 11);

(ee) France Field (Attachments 1 and 12); and

(ff) Curundu Flats (Attachments 1 and 8).

(iv) Special Facilities:

(aa) Curundu Antenna Farm (Attachments 1 and 3);

(bb) United States Navy Communications Station, Balboa (Attachments 1 and 6);

(cc) Summit Naval Radio Station (Attachment 1);

(dd) Quarry Heights Communications Facility (tunnel) (Attachments 1 and 5);

(ee) Ancon Hill Communications Facilities (Attachments 1 and 5);

(ff) Battery Pratt Communications Facility (Coordinate 119326) (Attachment 1);

(gg) Ammunition Supply Point, Fort Gulick (Attachments 1 and 13);

(hh) Navy Communications-Electric Repair Facility (Building 43–F) (Attachments 1 and 14);

(ii) United States Army Transport-Shipping Facility (Building 39–C) (Attachments 1 and 14);

(jj) Gorgas Hospital Complex (Buildings 223, 233, 237, 238, 240, 240–A, 241, 241–A, 242, 253, 254, 255, 257, 257–G, 261, hospital grounds, and building 424) (Attachments 1 and 9);

(kk) Coco Solo Hospital (Buildings 8900, 8901, 8902, 8904, 8905, 8906, 8907, 8908, 8910, 8912, 8914, 8916, 8920, 8922, 8926, tennis court, grounds and miscellaneous buildings and structures) (Attachment 1);

(ll) Balboa High School (Buildings 74, 701, 702, 704, 705, 706, 707, 713–X, Stadium, 723, 723–A, 723–B, 723–C, 723–D, 723–E, 723–F, 723–G, parking area, and play slab) (Attachments 1, 14, 15 and 16);

(mm) Curundu Junior High School (Buildings 0615–A, 0615–B, 0615–C, 0615–D, 0615–F, cooling tower structure, playgrounds, tennis courts, and equipment, storage and music buildings, swimming pool and bathhouse, and parking areas (Attachments 1 and 8);

(nn) Cristobal Junior High School (Buildings 1141, 1143, 1149, 1150, 1151, 1153, 1154, 1156, 1239, 1158, 1186, 1288, 2000, playfield, and parking areas) (Attachments 1 and 10);

(oo) Balboa Elementary School (Buildings 709, 710, playground, and parking area) (Attachments 1, 15 and 16);

(pp) Diablo Elementary School (Buildings 5534, 5536, 5634, 5636, 5638, playground, air conditioning building, and parking area) (Attachments 1 and 17);

(qq) Los Rios Elementary School (Buildings 6225, 6226, playground, parking area and chilled water building) (Attachments 1 and 18);

(rr) Gamboa Elementary School (Buildings 56, 56–A, playground, and parking area) (Attachments 1 and 19);

(ss) Coco Solo Elementary School (Buildings 98, 98–A, parking area, playground and chilled water building) (Attachments 1 and 20);

(tt) Margarita Elementary School (Buildings 8350, 8352, playground, parking area, chilled water building and storage building) (Attachments 1 and 21);

(uu) Fort Gulick Elementary School (Buildings 350, 351, 352, playground and parking area) (Attachments 1 and 7);

(vv) Canal Zone College (Buildings 1030, 1031, 1032, 1033, 1034, 1035, 980, 982, 838, athletic field and parking lots) (Attachments 1, 15 and 22);

(ww) Ancon School Administration Office (Partial use of Panama Canal Commission Building 0610) (Attachments 1 and 9);

(xx) Margarita Community Health Center (Partial use of Panama Canal Commission Building 7998) (Attachments 1 and 21);

(yy) Gamboa Community Health Clinic (Use of Panama Canal Commission Building 63) (Attachments 1 and 19);

(zz) Ancon Dental Clinic (Building 287–X, partial use of Panama Canal Commission Building 287) (Attachments 1 and 9);

(aaa) Corozal Mental Health Center (Buildings 6521, 6523, 6524, 6525, 6526, 6537 and grounds) (Attachments 1, 18 and 23);

(bbb) Corozal Animal Care Station/Veterinary Hospital (Buildings 6553, 6554, 6555, and grounds) (Attachments 1 and 18);

(ccc) Corozal Cemetery (Buildings and facilities) (Attachments 1, 18 and 23);

(ddd) Balboa Community Health Center (Use of Panama Canal Commission Building 721) (Attachments 1 and 15); and

(eee) Coco Solo Community Health Center (Room in Building 1140) (Attachments 1 and 20).

(b) The following installations, not contiguous to the defense sites or military Areas of Coordination,

which shall be subject to the provisions of the Panama Canal Treaty and this Agreement applicable to the Military Areas of Coordination are described generally as follows:

(i) Buildings 430, 433 and 435 in the Corozal Antenna Field (Attachments 1 and 2);
(ii) AAFES Warehouse, Building 1008 and 1009 (Attachments 1 and 3);
(iii) United States Army Meddac Warehouses, Buildings 490 and 1010 (Attachments 1 and 3);
(iv) Defense Mapping Agency—Inter-American Geodetic Survey Headquarters and warehouse, Buildings 1019, 1007 and 1022 (Attachments 1 and 3);
(v) Balboa West bombing range, as defined by coordinates PA 350056, PA 381074, PV 433990 and PV 404799 (Attachment 1);
(vi) United States Navy Salvage Storage Area, Building 29–B (Attachments 1 and 14);
(vii) United States Army NBC Chambers, Buildings 922, 923, 924, 925, 926 and 927 (Attachments 1 and 8);
(viii) United States Air Force Communications Group storage/training facility, Building 875 (Attachments 1 and 8);
(ix) Inter-American Air Force Academy Jet Engine Test Cell, Building 1901 (Attachments 1 and 8);
(x) Quarry Heights Motor Pool (Building 159) (Attachments 1 and 5);
(xi) Ammunition Transfer Point, Cerro Pelado (Coordinates 415083) (Attachment 1); and
(xii) Fort Amador (Buildings S–103, 104, 105, 105–A, 105–B, 107, 110, 190, 218, 228, 229, 268, 270) (Attachments 1 and 11).

(c) The following areas described in paragraph (a) above shall cease to be Military Areas of Coordination three years from the entry into force of this Agreement:

(i) Curundu Antenna Farm;
(ii) Curundu Heights Housing Area; and
(iii) Barracks facilities at Fort Gulick for a company of the Forces of the Republic of Panama in specific buildings as agreed in the Joint Committee.

(d) The following areas described in paragraph (a) above shall cease to be Military Areas of Coordination five years from the entry into force of this Agreement:

(i) Fort Gulick, except for family housing, community service areas, and the ammunition storage facility; and
(ii) France Field.

(e) The following areas described in paragraph (a) above shall cease to be Military Areas of Coordination during the life of this Agreement:

(i) Fort Clayton Training Area;
(ii) Fort Amador;
(iii) Fort Gulick Family Housing, community service areas and the ammunition storage facility;
(iv) Coco Solo Family Housing; and
(v) That portion of the Curundu Flats Housing Area comprising the contractors' trailer housing area.

(4) The installations outside of the defense sites, which may be used as provided in Article XI, are described generally as follows:

(a) Miscellaneous facilities as follows: Post Exchange Facility in Building 100, Coco Solo; packing and crating Building 406, Albrook; Post Exchange warehouse, Building 304; household goods crating warehouse, Building 1081; Contractor's air conditioning facility, Building 1002; and household goods warehouse, Building 1067 (Attachments 1, 3, 8 and 20);

(b) Recreational Facilities as follows: Camp Chagres Boy Scout Camp at Madden Dam; and Surfside Theater at Naos Island (Attachment 1); and

(c) Post Exchange Facility, Curundu, Buildings 1025, 1026 and 1027; Photo Shop Building 821 (Attachments 1, 3 and 8).

Annex B

Terms for Administration of Military Areas of Coordination

(1) Purpose: To establish and delineate the respective responsibilities of the United States Forces and the Forces of the Republic of Panama concerning certain areas which the Republic of Panama makes available for coordinated use by the United States Forces and the Forces of the Republic of Panama.

(2) Definitions:

(a) Military Areas of Coordination (sometimes hereinafter referred to as "Areas") are those areas, and the facilities within them, outside of defense sites, which the Republic of Panama by this Agreement authorizes the United States to use for purposes of communications and military training, and for housing and support of members of the Forces, the civilian component, and dependents; and for other purposes, as the two Parties may agree. A list of these Areas is set forth in Annex A to this Agreement.

(b) Security includes those measures taken to provide physical protection and limit access to or egress from a Military Area of Coordination.

(c) Exterior security measures are applicable only outside the boundaries of Military Areas of Coordination.

(d) Interior security measures are applicable only inside the boundaries of Military Areas of Coordination.

(3) General Conditions:

(a) The Republic of Panama authorizes the United States to use and maintain Military Areas of Coordination for the purposes of the Panama Canal Treaty. Signs exterior to Military Areas of Coordination will indicate that such Areas are operated under a grant of authority from the Republic of Panama. Only the flag of the Republic of Panama shall be flown in Military Areas of Coordination, including at their entrances, except that, as provided in Article VII of the Panama Canal Treaty, the flags of both the Republic of Panama and the United States may be flown at the site of the Combined Board, which shall be located at Quarry Heights.

(b) All rights, privileges and immunities, which the United States possesses with respect to defense sites under this Agreement shall apply equally with respect to the Military Areas of Coordination, except as limited or excluded in this Annex.

(c) The security of the Military Areas of Coordination shall be the combined responsibility of the United States Forces and the Forces of the Republic of Panama. The Forces of the Republic of Panama shall have the responsibility for maintaining exterior security for these Areas, except where the boundary of such an area coincides with the boundary of a defense site. The United States Forces may assist the Forces of the Republic of Panama in combined stations and patrols as mutually agreed. The senior United States Commander shall have the responsibility for interior security, including control of access to these Areas. Joint United States/Republic of Panama Military police patrols will be used within the Military Areas of Coordination, except within the Special Facilities referred to in paragraph 6 of this Annex. The United States Forces shall be responsible for the command, supervision and protection of their personnel, facilities and equipment within the Areas. The Forces of the Republic of Panama shall be responsible for the command, supervision, and the protection of their personnel and equipment and of the facilities they use within the Areas. The members of the Forces, civilian component and dependents, shall have free unrestricted access to the Areas.

(d) No change in the basic character and functions of Military Areas of Coordination shall be made except by mutual consent of the United States Forces and Forces of the Republic of Panama through the Joint Committee or in accordance with Article IV of this Agreement.

(e) The Combined Board, which is established in Article IV of the Panama Canal Treaty, will be the body in which the United States Forces and the Forces of the Republic of Panama will consult regarding joint training in the Military Areas of Coordination, including construction of new training facilities.

(f) The Joint Committee, established in Article III of this Agreement will be the body in which the United States Forces and the Armed Forces of the Republic of Panama will consult for the purpose of administration of the Military Areas of Coordination.

(g) All signs, posters, and notices of general interest within, and at the entrances to, Military Areas of Coordination will be written in the Spanish and English languages.

(h) A Liaison Office of the Forces of the Republic of Panama may be established within each Military Area of Coordination, as mutually agreed.

(i) The Republic of Panama authorizes the United States Forces to apply its own regulations concerning fire prevention, safety, and sanitation standards in Military Areas of Coordination.

(4) Military Areas of Coordination for Training:

(a) The Military Areas of Coordination for Training identified in Annex A to this Agreement will be available to both the United States Forces

and the Forces of the Republic of Panama for the conduct of training.

(b) The United States Forces shall have the responsibility for scheduling the use of the Training Areas for the duration of this Agreement.

(c) The United States agrees to increased use of Training Areas by the Forces of the Republic of Panama over the life of this Agreement, in accordance with agreed arrangements of the Combined Board.

(d) Except as otherwise provided in this Annex, the United States Forces shall have the responsibility for internal control and management of the Training Areas.

(e) The Commanding Officer of the forces using the Training Areas at any given time will be responsible for the safety of all ranges and firing positions during such use, in accordance with established regulations, subject to the authority of the responsible United States Forces Commander only with respect to matters related to range safety.

(5) Military Areas of Coordination for Housing:

(a) Military Areas of Coordination for Housing are separately identified in Annex A to this Agreement.

(b) These areas shall be available for occupancy by members of the Forces or the civilian component, and dependents. Selected housing units will be made available to the Republic of Panama, as may be mutually agreed.

(c) No new housing units will be constructed in Military Areas of Coordination by the United States.

(6) Special Facilities:

(a) Special facilities located in Military Areas of Coordination are separately identified in Annex A to this Agreement.

(b) With respect to such special facilities, the United States authorities shall be responsible for all interior security to include entrance and exit guards. Only authorized personnel as determined by the United States authorities will be admitted to such facilities.

Annex C

Application of Panamanian Social Security

(1) The provisions for Employee Social Security, retirement benefits, and health benefits coverage, set forth in paragraphs 1–4 of Article VIII of the Agreement in Implementation of Article III of the Panama Canal Treaty shall be applicable, *mutatis mutandis*, to employees of the United States Forces and to those employees who may be transferred from the Panama Canal Commission to the United States Forces.

(2)(a) Non-United States citizen employees who are not covered by the Civil Service Retirement System of the United States, or employees paid by United States non-appropriated fund instrumentalities, shall be covered by Panamanian Social Security from the date this Agreement enters into force, with contributions paid by the insured and the employer according to the rates established by the Social Security Laws of the Republic of Panama.

(b) The United States shall request the necessary legislation to pay each such employee a retirement similar to that of the Social Security System of the Republic of Panama.

Annex D

Procedural Guarantees

A member of the Forces or the civilian component, or a dependent, prosecuted by the Panamanian authorities shall be entitled to the following procedural guarantees:

(a) To a prompt and speedy trial.

(b) To be informed, in advance of trial, of the specific charge or charges made against him.

(c) To be confronted with and to be allowed to cross-examine the witnesses against him.

(d) To have evidence and witnesses in his favor presented. The authorities shall submit such evidence and call the witnesses if they are within the Republic of Panama.

(e) To have legal representation of his own choice for his defense during all investigative and judicial phases from the time of submission to questioning and throughout the entire proceedings; or, if he indicates he lacks funds for his defense, to be defended by the appropriate public defender.

(f) To have the services of a competent interpreter if he considers it necessary.

(g) To communicate with a representative of the Government of the United States and to have such a representative present, as an observer, at his trial.

(h) Not to be held guilty on account of any act or omission which did not constitute a criminal offense under the law of the Republic of Panama at the time it was committed.

(i) To be present at his trial which shall be public. However, without prejudice to the procedural guarantees in this Annex, persons whose presence is not necessary may be excluded, if the court so decides for reasons of public order or morality.

(j) In his proceedings to have the total burden of proof laden upon the Public Prosecutor or the prosecution.

(k) To have the court consider only voluntary confessions and evidence properly obtained in accordance with the requirements of the law.

(l) Not to be compelled to testify against or otherwise incriminate himself.

(m) Not to be required to stand trial if he is not physically or mentally fit to stand trial and participate in his defense.

(n) Not to be tried or punished more than once for the same offense.

(o) To have the right to appeal a conviction or sentence.

(p) To have credited to any sentence for confinement his entire period of pre-trial custody.

(q) Not to be subject to the application of martial law or trial by military courts or special tribunals.

(r) To enjoy other guarantees and rights provided for in the Constitution, Judicial Code and other laws of the Republic of Panama.

Agreed Minute to the Agreement in Implementation of Article IV of the Panama Canal Treaty

1. With reference to paragraph 5(c) of Article VI of the Agreement in Implementation of Article IV of the Panama Canal Treaty (hereinafter referred to as "the Agreement"), the five offenses under Panamanian law referred to therein are understood to be:

(a) "Murder" means the intentional killing of one person by another.

(b) "Rape" means the commission of an act of sexual intercourse by violence or threat and without consent with a person not his spouse, or with a person who is not capable of resisting by reason of mental or physical illness, or with a minor less than twelve years old.

(c) "Robbery with violence" means the act of appropriating an object of value belonging to someone else with the purpose of depriving its owner of his possession and deriving benefit from it, using violence against such person or a third person present at the scene of the act.

(d) "Trafficking in drugs" means the unlawful sale, exchange or transfer for gain of marihuana, hashish, heroin, cocaine, amphetamines, barbiturates, or L.S.D.

(e) "Crimes against the security of the Panamanian State" means espionage, sabotage, or terrorism directed against the constituted powers or authorities of Panama, with the purpose of overthrowing them.

2. With reference to paragraphs (2) and (3) of Annex A, it is understood that the United States agrees to the construction by the Republic of Panama of an Atlantic Coast Highway, and a new highway on the Pacific side of the Isthmus, at locations and with right of way widths to be mutually agreed. It is further understood that the bridge over the Canal, in each case, will be of a design sufficiently high so that it will not interfere with the operation of the Canal or with any improvement that may be made to the Canal.

3. With reference to paragraph (2)(a) of Annex A, it is understood that the United States agrees to the construction by the Republic of Panama of a road from Panama City to Vera Cruz at a location to be agreed upon by the Parties, the use of which will be subject to certain agreed conditions and restrictions, which will include the following:

—The right of way through the defense site shall be used only for the construction, use and maintenance of the road,

—The United States Forces shall have access to the right of way and the right to cross it at any point.

It is understood that upon completion of such road, the access road through Howard Air Force Base to Vera Cruz may be closed by the United States to through traffic. It is further understood that the Republic of Panama will preclude any activity in the coastal areas in the vicinity of Kobbe and Venado Beaches which, in the determination of the United States Forces, might interfere technically with the activities of the United States Navy Receiver Site at Farfan, the United States Air Force communications activity in the vicinity of the Howard/Kobbe Defense Sites, and aircraft operations at Howard Air Force Base.

An illustrative listing of activities which would interfere with aircraft operations at Howard Air Force Base is as follows:

—Any construction within 1 kilometer on either side of the runway as extended to the sea.

—Construction of structures or objects more than 8 meters high in an area from 1 to 3 kilometers east of the runway as extended to the sea.

—Construction of structures or objects more than 8 meters high in an area from 1 to 2 kilometers west of the runway as extended to the sea.

It is further understood that the general public shall have free access to those portions of Venado and Kobbe Beaches lying within defense sites, in accordance with procedures to be developed by the Joint Committee.

4. With reference to paragraph (2)(b) of Annex A, it is understood that the airstrip at Albrook Air Force Station which is transferred to the Republic of Panama as provided in Article XIII of the Panama Canal Treaty, will not be used for any aviation flight purposes other than helicopter operations. It is further understood that the United States Forces may conduct helicopter operations on the west taxiways, adjacent grassy areas and runway at Albrook Air Force Station until such time as the Republic of Panama determines that development of this area adversely affects flight safety.

5. With reference to paragraphs (2)(c), (2)(d), (3)(a)(ii)(bb) and (3)(a)(ii)(cc) of Annex A, it is understood that the general public shall have free access to and use of the R–6, 836, R–2, S–10, S–2, and S–8 Roads.

6. With reference to paragraph (2)(e) of Annex A:

(a) it is understood that the Republic of Panama will restrict any activity within a 6,000 foot radius of the Galeta operating antenna (coordinates 238393) which, in the determination of the United States Forces, might interfere technically with the communications at Galeta. It is further understood that there will be no construction within a 10,500 foot radius of the Galeta operating antenna for purposes of heavy industry or of installations with high voltage electrical emission, unless the two Parties otherwise agree;

(b) it is understood that the Republic of Panama shall keep the R–12 Road open from Coco Solo to Galeta Island; and

(c) it is understood that the United States will consider authorizing use by the Republic of Panama of the Navy pipelines, under terms and conditions to be mutually agreed.

7. With reference to paragraph (3)(a)(i)(aa) of Annex A, it is understood that the United States shall have use of and access rights to a helicopter landing site at grid coordinates 596898, in accordance with procedures to be developed by the Joint Committee.

8. With reference to paragraphs (3)(a)(i)(bb) and (3)(a)(iii)(dd) of Annex A, it is understood that the United States Forces and the Forces of the Republic of Panama will permit the general public to have free access to the Amador Road. It is further understood that the Joint Committee shall agree upon the location and operating procedures for a joint control point. Until such a new control point is established, the present entrance control point shall remain in operation and members of the Forces of the Republic of Panama shall participate with the United States Forces in its manning. It is also understood that joint patrols of the United States Forces and of the Forces of the Republic of Panama shall patrol the Amador Road. Such joint patrols shall be conducted in accordance with the procedures established for joint patrols in Article XI of the Panama Canal Treaty. It is further understood that the members of the Forces of the Republic of Panama and of the United States Forces, the civilian component, and dependents shall have free access to and use of the beach at Naos Island.

9. With reference to paragraphs (3)(a)(ii)(bb) and (cc) of Annex A, it is understood that the Republic of Panama shall maintain the S–10 Road open from Escobal north along the West Bank of the Canal from coordinates 140115 to 160228 in order to permit access to and from Piña Range and Fort Sherman West Training Area.

10. With reference to paragraph 3(a)(iii)(ff) of Annex A, it is understood that joint military patrols of the United States Forces and the Forces of the Republic of Panama shall patrol the C–12 Road from coordinates 591939 to 601927. Such joint patrols shall be conducted in accordance with the procedures established for joint patrols in Article XI of the Panama Canal Treaty.

11. With reference to paragraph (3)(a)(iv)(ee) of Annex A, it is understood that the Republic of Panama will preclude any activity on Ancon Hill which, in the determination of the United States

Forces, might interfere technically with the communications activity of the United States Forces or of the Federal Aviation Administration on Ancon Hill.

12. With reference to paragraphs (3)(b) (ii), (iii) and (iv) and (3)(b)(vi) of Annex A, it is understood that the following facilities shall cease to be areas of coordination as stated:

—United States Navy Salvage Storage Area, Building 29B—Five years from the entry into force of the Agreement.
—Buildings 1008 and 1009—Three years from the entry into force of the Agreement.
—Buildings 490 and 1010—Two years from the entry into force of the Agreement.
—Buildings 1019, 1007 and 1022—One year from the entry into force of the Agreement.

13. With reference to paragraph (3)(b)(v) of Annex A, it is understood that the Balboa West Bombing Range will cease to be subject to the provisions of Annex B to this Agreement at such time as the Republic of Panama provides an alternative facility, acceptable to the United States, for the use of the United States Forces as a bombing range.

14. With reference to paragraph (5)(b) of Annex B, it is understood that the selected housing units to be made available by the United States to the Republic of Panama shall include:

(1) Upon entry into force of the Agreement:

(a) Two family housing units at Quarry Heights for officers of the Forces of the Republic of Panama serving on the combined Board;

(b) Eight family housing units in Fort Amador for members of the Forces of the Republic of Panama assigned to Fort Amador. It is further understood that the members of the Forces of the Republic of Panama residing at Fort Amador may use the community facilities at Fort Amador under the same conditions as are applicable to the United States Forces.

(c) Twenty family housing units at Curundu Heights.

(2) Within three years after the entry into force of the Agreement, all family housing units at Curundu Heights. It is understood that the laundry and the Bachelor Officers' housing units at Curundu Heights are not family housing units and will remain under the control of United States Forces for the duration of the Agreement.

Maps of the Land and Water Areas for the Operation and Defense of the Panama Canal, Referred to in the Agreement in Implementation of Articles III and IV of the Panama Canal Treaty

[The maps are not printed here. The map atlas is deposited in the archives of the Department of State where it is available for reference.]

Exchange of Notes Relating to Postal Services

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to confirm our understanding, reached during the negotiation of the Panama Canal Treaty, that the postal services of the United States Forces and of the Republic of Panama shall establish appropriate arrangements through the Joint Committee whereby mail being handled by both postal systems may be delivered by the Postal Service of the Republic of Panama through existing postal facilities in the Canal operating areas and housing areas.

Further, it is understood, with respect to Article X of the Agreement in Implementation of Article IV of the Panama Canal Treaty, that the Republic of Panama will furnish space in the Balboa Post Office (Building 724) and within the area in the Cristobal Administration Building (Building 1105) made available to the Postal Service System of the Republic of Panama, which the United States Forces may use for bulk mail sorting and as postal distribution points, under procedures to be developed by the Joint Committee.

If the foregoing is acceptable to you, I have the honor to suggest that this note and your reply thereto indicating acceptance shall constitute an agreement between our two Governments concerning this matter, which will enter into force on the date of the entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:
ELLSWORTH BUNKER
Ambassador at Large

His Excellency
RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Translation

EMBASSY OF PANAMA
WASHINGTON D.C. 20008

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to acknowledge receipt of Your Excellency's note of today's date, which reads as follows:

> [There follows Ambassador Bunker's note, quoted in English.]

I also have the honor to confirm on behalf of my Government the foregoing arrangements and to concur that Your Excellency's note and this note shall constitute an agreement between our two Governments concerning this matter, which shall take effect on the date of the entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

RÓMULO ESCOBAR B.

Rómulo Escobar Bethancourt
Chief Negotiator

His Excellency
ELLSWORTH BUNKER,
Ambassador at Large
of the United States of America.

Exchange of Notes Relating to Use of Commissary and Post Exchange Facilities

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to confirm that with respect to Article XII of the Agreement in Implementation of Article III of the Panama Canal Treaty, it is understood that immediately following the exchange of instruments of ratification, the United States Forces will conduct a thorough study of the feasibility of accommodating the persons authorized to use commissary and post exchange facilities at installations within the defense sites and other areas which the Republic of Panama permits the United States to use in accordance with the Agreement in Implementation of Article IV of the Panama Canal Treaty.

Following the entry into force of that Treaty, the United States will take all practicable steps to accommodate such persons at facilities within defense sites and such other areas. If the United States Forces find that such persons cannot practicably be so accommodated, the United States Forces may, for the purpose of providing commissary and post exchange services, use the installations listed in paragraphs 1(c)(iii)(A) and 1(e)(iii)(B) of Annex A to the Agreement in Implementation of Article III of the Panama Canal Treaty for a period of six months following the entry into force of the Treaty.

The Republic of Panama agrees that upon the written request of the United States, through the Joint Committee, that six month period of use will be extended until such time as the United States Forces determine it to be practicable to accommodate such persons within the defense sites and such other areas. In no event, however, will the total period of such use exceed 30 calendar months following the entry into force of the Treaty, unless the two Parties otherwise mutually agree.

If the foregoing proposal is acceptable to you, I have the honor to suggest that this note and your reply thereto indicating acceptance shall constitute an agreement between our two Governments concerning this matter, which will enter into force on the date of the exchange of ratifications of the Panama Canal Treaty, and shall become effective on the date of the entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State

ELLSWORTH BUNKER

Ellsworth Bunker
Ambassador at Large

His Excellency
RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Translation

EMBASSY OF PANAMA
WASHINGTON, D.C. 20008

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to acknowledge receipt of Your Excellency's note of today's date, which reads as follows:

[There follows Ambassador Bunker's note, quoted in English.]

I also have the honor to confirm on behalf of my Government the foregoing arrangements and to concur that Your Excellency's note and this note shall constitute an agreement between our two Governments concerning this matter, which will enter into force on the date of the exchange of the instruments of ratification of the Panama Canal Treaty, and shall take effect on the date of the entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

RÓMULO ESCOBAR B.

Rómulo Escobar Bethancourt
Chief Negotiator

His Excellency
ELLSWORTH BUNKER,
Ambassador at Large
of the United States of America.

Letter Describing Application of the Wholesale Price Index Referred to in Paragraph 4(A) of Article XIII of the Panama Canal Treaty

DEPARTMENT OF STATE
AMBASSADOR AT LARGE
WASHINGTON

SEPTEMBER 7, 1977

DEAR AMBASSADOR ESCOBAR:

As was discussed during our negotiations, I am pleased to furnish information on the application of the Wholesale Price Index referred to in paragraph 4(A) of Article XIII of the new Panama Canal Treaty.

The Wholesale Price Index for Total Manufactured Goods of the United States is understood by the United States to refer to the seasonally adjusted figure for Total Manufactured Goods found in Table 3, "Wholesale Price Indexes for Selected Groupings Unadjusted and Seasonally Adjusted," of the monthly report of the Department of Labor "Wholesale Prices and Price Indexes." Enclosed is a copy of the latest monthly report published by the Department of Labor entitled "Wholesale Prices and Price Indexes" which describes the method of calculation of the indexes.

The new rate shall be determined by multiplying the rate of 30 cents per Panama Canal ton by a fraction the numerator of which is the average index for the twelve months ending the biennial period and the denominator of which is the average index of the twelve months preceding the first biennial period.

Sincerely,

ELLSWORTH BUNKER

Ellsworth Bunker

Enclosure:
Wholesale Prices and Price Indexes*

His Excellency
RÓMULO ESCOBAR BETHANCOURT
Chief Treaty Negotiator for Panama

*Not printed here.

Letter Regarding Termination of Article XVII of the United States-Panama Air Transport Services Agreement

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

DEAR DR. ESCOBAR:

This is to confirm our understanding, reached in connection with the negotiation of the Panama Canal Treaty, that upon entry into force of that Treaty, Article XVII of the United States-Panama Air Transport Services Agreement, signed at Panama March 31, 1949, will have no further application.

Sincerely,

ELLSWORTH BUNKER

Ellsworth Bunker
Ambassador at Large

His Excellency
Dr. RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

OTHER DOCUMENTS

Agreement on Certain Activities of the United States of America in the Republic of Panama

Taking account of the Panama Canal Treaty and related agreements signed this date by representatives of the United States of America and the Republic of Panama, the two Governments confirm their understanding that, in addition to the activities directly related to the specific purpose of the Panama Canal Treaty, the United States may conduct certain other activities in the Republic of Panama. Such other activities shall be conducted in accordance with the provisions of this Agreement.

1. The United States may conduct the following activities in the Republic of Panama:

(a) Tropic testing;

(b) Telecommunications, meteorological, navigational, and oceanographic activities;

(c) Activities of the Inter-American Geodetic Survey;

(d) Humanitarian relief operations, including search and rescue;

(e) Schooling of Latin American military personnel.

2. In order to carry out these activities, the United States may use installations within defense sites and military areas of coordination, and in such other areas of the Republic of Panama as may be mutually agreed.

3. The Agreement in Implementation of Article IV of the Panama Canal Treaty shall apply to the conduct of these activities in the Republic of Panama, except as otherwise provided by arrangements between the two Parties.

(a) Active duty military personnel of the United States armed services assigned to these activities shall be considered to be "members of the Forces" within the meaning of the Agreement in Implementation of Article IV.

(b) Employees of the United States assigned to these activities who are nationals of the United States to whom United States passports have been issued or who are nationals of third countries who are not habitual residents of the Republic of Panama shall be considered to be "members of the civilian component" within the meaning of the Agreement in Implementation of Article IV.

(c) The spouse and children of persons referred to in sub-paragraphs (a) and (b) above, and other relatives of such persons who depend on them for their subsistence and who habitually live with them under the same roof, shall be considered to be "dependents" within the meaning of the Agreement in Implementation of Article IV.

(d) Military personnel of other Latin American countries assigned to school duty in the Republic of Panama pursuant to paragraph (1)(e) of this Agreement shall be entitled to the privileges authorized under Articles XI and XVIII of the Agreement in Implementation of Article IV.

4. Changes in the activities listed above may be agreed upon by the two Parties through the Joint Committee created by Article III of the Agreement in Implementation of Article IV.

This Agreement shall enter into force simultaneously with the entry into force of the Panama Canal Treaty, and expire when that Treaty expires; provided, however, that the authority of the United States to conduct schooling of Latin American military personnel in the United States Army School of the Americas shall expire five years after the entry into force of the Panama Canal Treaty unless the two Governments otherwise agree.

ATTACHMENT

The following is an illustrative description of the manner in which the activities listed in paragraph 1 of the Agreement on Certain Activities of the United States in Panama are presently conducted:

A. Tropic Testing

1. The United States Army Tropic Test Center (USATTC) plans, conducts and reports on tropic environmental phases of development tests and provides advice and guidance on tropic test and evalua-

tions matters to materiel developers, materiel producers, other services, and private industry.

2. Many of the marked climatic, seismic, and biological variations which exist in tropical areas of the world are represented in Panama, providing a singular geographic area in which military hardware can be subjected to tropic environmental extremes.

3. The Center occupies office, barracks, laboratory, maintenance and supply building space, and uses outlying test facilities consisting of 18,868 acres of real estate. These outlying test facilities are: Chiva Chiva test area; Battery McKenzie; Firing Point #6, Empire Range; and Gamboa test area. The latter area consists of approximately 7500 hectares of land located along both sides of the pipeline road from the town site of Gamboa to Gatun Lake, bounded approximately by map coordinates 410085, 355080, 282198, 310217, 375164, 410110. It has been used for developmental tests and for methodology studies which provide background for studying the effects of a tropic environment on men and materiel. Range areas of the 193d Infantry Brigade, Empire Range, Piñas Light Artillery Range and Piñas Beach are also used by USATTC.

B. Telecommunications, Meteorological, Navigational, and Oceanographic Activities

1. Military Affiliate Radio Station (MARS): serves as a backup communication capability for the military services. Provides morale, health, and welfare communication for military services. Has capability to link with MARS affiliates in the United States.

2. USSOUTHCOM Mission Radio Station: provides voice communications between USSOUTHCOM elements in Panama and United States Military Groups in Central and South America.

3. Inter-American Military Networks:

a. The Inter-American Military Network (RECIM) Station.
b. The Inter-American Telecommunications System for the Air Force (SITFA) Station.
c. The Inter-American Naval Telecommunications Network (IANTN).

These United States military stations in three international networks provide a rapid means of communications among the military services of Latin America on military matters. Most Latin American countries operate their own station in each of these networks.

4. United States Navy Timation Station: A Navy satellite tracking site sponsored by the Navy Research Laboratory (NRL). The tracking station is part of an overall Department of Defense program called the NAVSTAR Global Positioning System (GPS). The GPS program is directed toward the development and ultimate establishment, by the 1980's, of a system of 24 navigational satellites.

5. United States Army Atmospheric Sciences Laboratory Team: provides meteorological data from Central and South America.

6. Harbor Survey Assistance Program (HARSAP): a United States Naval oceanographic program which assists Western-Hemisphere countries to develop a hydrographic capability by conducting hydrographic surveys of harbors and waters. Data from these surveys are used to produce charts required to support Department of Defense and United States Merchant Marine operations. Additionally, under HARSAP, a new automated hydrographic survey collection and processing system is used to supplement in-country HARSAP survey efforts. This new system, the Hydrographic Survey and Charting System (HYSURCH), consists of a computer processing van, two boats, one officer, six enlisted personnel, six civilian engineers and technicians, and trainees from the host country.

7. Foreign Broadcast Information Service: monitors and translates into English reports appearing in the foreign public media.

C. Inter-American Geodetic Survey (IAGS)

IAGS is a regional activity, with headquarters for Latin American operations located in Panama. It is the nucleus for topographical activities conducted by the various Latin American nations. An IAGS cartography school is also conducted for Latin American students.

D. Humanitarian Relief Operations, Including Search and Rescue

United States military forces in Panama provide humanitarian relief to other Latin American countries in the event of natural disasters and to conduct searches for missing vessels in the waters of various Latin American nations.

E. Schooling for Latin American Military Personnel

1. Inter-American Naval Telecommunications Network Training Facility: conducts a formal course of instruction for operators and technicians of

IANTN membership. This facility is supported by the IANTN communication assistance team, whose members are all bilingual.

2. The United States Army School of the Americas (USARSA): provides professional military training in Spanish for the armed forces of 17 Latin American states, accomplished through courses based on United States Army doctrine ranging from the Command and General Staff College Course, Advanced and Basic Officer Courses, and the Cadet Senior-year Course, to the Non-Commissioned Officer Leadership Course. In addition to this emphasis on professional training, the School of the Americas provides specialized training in resources management at the national level, small unit tactics, and technical skills. This latter type of skill training is responsive to particular needs of Latin American states.

3. Inter-American Air Force Academy (IAFFA): provides professional education in Spanish for officers and technical training in aeronautical specialties for airmen of all the Latin American Republics.

Technical training in Spanish is provided from the unskilled level through the full spectrum of proficiency to the supervisory level, including transition training in new weapons systems. Approximately five percent of the Academy's 100-member instructor corps is composed of guest instructors who assist United States Air Force officers and airmen in conducting the courses. Specialized transition training is offered in the A/T–37, C–130, and UH–1H.

4. Small Craft Instruction and Technical Team (SCIATT): provides to the navies of Central America training in the operation and maintenance of small size boats.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

FOR THE UNITED STATES OF AMERICA:

ELLSWORTH BUNKER

SOL M. LINOWITZ

FOR THE REPUBLIC OF PANAMA:

RÓMULO ESCOBAR BETHANCOURT

ARISTIDES ROYO

Agreement Pursuant to Article VI of the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere

The Governments of the United States of America and the Republic of Panama,

Recalling that both are parties to the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere of October 12, 1940;

Desiring to promote and advance the purposes of that Convention;

Noting that Article VI of the Convention provides that the Parties may, when circumstances warrant, enter into agreements with one another in order to increase the effectiveness of their collaboration to this end;

Aware of the unique importance to the international scientific community of the biological reserve located at Barro Colorado Island in Gatun Lake in the Republic of Panama; and

Considering that the Panama Canal Treaty and related agreements signed this date between them make desirable a further agreement between them to ensure preservation of this biological reserve;

Have agreed upon the following:

ARTICLE I

1. The area known as Barro Colorado Island in Gatun Lake in the Republic of Panama is declared to be a Nature Monument as defined in Article I of the Convention, to be known as the Barro Colorado Nature Monument. Upon the termination of the Panama Canal Treaty signed this date, this Nature Monument shall also include the adjacent areas known as Orchid and Point Salud Islands; Bohio, Buena Vista, and Frijoles Points; and the smaller islets adjacent to them. The aforementioned adjacent areas shall be made available during the life of the Panama Canal Treaty for the purposes of this Agreement, through the issuance of land use licenses, as provided for in Article IV of the Agreement in Implementation of Article III of the Panama Canal Treaty. The Republic of Panama shall issue an

appropriate land use license or make other arrangements to afford similar use of the peninsula immediately south of Maiz Island, which, upon termination of the Panama Canal Treaty, shall also become a part of the aforementioned Nature Monument.

2. As used hereafter in this Agreement, the term "Nature Monument" shall refer to the Nature Monument defined in paragraph 1 of this Article.

ARTICLE II

The Governments pledge themselves to seek, in accordance with their respective national legislative processes, such legislation by each of them as may be necessary to ensure the preservation and protection of the Nature Monument as envisioned in the Convention and to take no action which would derogate in any way from its protected status, except as hereinafter provided.

ARTICLE III

The Governments agree to collaborate in use of the Nature Monument for the purposes of scientific research and investigation, and to assist each other's scientists and scientific institutions in carrying out such activities in the Nature Monument. The Governments shall agree from time to time on such arrangements as may be mutually convenient and desirable to facilitate such collaboration.

ARTICLE IV

The Governments agree that, consistent with the purposes of Article VI of the Convention, they shall make available to all the American Republics equally through publication or otherwise the scientific knowledge resulting from their cooperative efforts to establish and maintain the Nature Monument.

ARTICLE V

The Governments, mindful of their mutual interest in the efficient operation of the Panama Canal, agree that, in executing their responsibilities under the Panama Canal Treaty, they shall take account of this Agreement. It is understood that use of areas included in the Nature Monument for the purpose of maintaining existing facilities relating to the operation of the Panama Canal shall not be considered to derogate from the protected status of the Nature Monument. In the event either Government at any time considers that the efficient operation of the Panama Canal necessitates any other action materially affecting any part of the Nature Monument, the Governments agree to consult promptly and to agree to measures necessary for the protection of the overall integrity of the Nature Monument and furtherance of the purpose of this Agreement.

ARTICLE VI

The Governments agree that they shall jointly transmit copies of this Agreement to the Inter-American Economic and Social Council of the Organization of American States, and shall request that the Organization notify the Contracting Parties to the Convention of this Agreement.

ARTICLE VII

This Agreement shall enter into force simultaneously with the entry into force of the Panama Canal Treaty, and shall remain in force for ten years and, thereafter, for as long as both Governments are parties to the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

FOR THE UNITED STATES OF AMERICA:
ELLSWORTH BUNKER
SOL M. LINOWITZ

FOR THE REPUBLIC OF PANAMA:
RÓMULO ESCOBAR BETHANCOURT
ARISTIDES ROYO

Note Regarding Economic and Military Cooperation

DEPARTMENT OF STATE
WASHINGTON

EXCELLENCY:

I have the honor to refer to our recent discussions concerning programs designed to enhance cooperation between the United States of America and the Republic of Panama in the economic and military spheres. As a result of these discussions, I am authorized to inform you that my government is prepared to agree, within the limitations of applicable United States legislation and subject to compliance with applicable legal requirements and, where necessary, to the availability of appropriate funds, that:

The United States Government will consider applications from the Republic of Panama for housing investment guarantees with a view to approval of specific projects with an aggregate value of not to exceed $75 million over a five year period. Approval of specific projects shall be subject to conformance with any applicable administrative and legislative criteria.

The Overseas Private Investment Corporation would guarantee borrowings of not to exceed $20 million in United States private capital by the National Finance Corporation of Panama (COFINA) for use in financing productive projects in the private sector in Panama, subject to terms and conditions as shall be agreed upon by the Overseas Private Investment Corporation and COFINA, and approved by the Overseas Private Investment Corporation's Board of Directors.

The Export-Import Bank of the United States is prepared to offer a letter of intent to provide loans, loan guarantees, and insurance, aggregating not to exceed $200 million over a five year period beginning October 1, 1977 and ending September 30, 1982, for the purpose of financing the U.S. export value of sales to Panama. Such financing shall, at the discretion of the Board of Directors of the Export-Import Bank, be in the form of loans, loan guarantees, or insurance for individual products or projects approved by such Board.

The United States Government will issue repayment guarantees under its foreign military sales program in order to facilitate the extension of loans to the Government of Panama by eligible lenders for the purpose of financing the purchase by the Government of Panama of defense articles and defense services. The aggregate principal amount of loans guaranteed by the United States Government in accordance with this paragraph shall not exceed $50 million over a ten year period.

It is understood that the undertakings of the United States provided for herein will enter into force upon an exchange of Notes to that effect between our two governments.

Accept Excellency, the renewed assurance of my highest consideration.

CYRUS VANCE

His Excellency
GABRIEL LEWIS GALINDO,
Ambassador of Panama.

Exchange of Notes Relating to Air Traffic Control Services

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to the Panama Canal Treaty signed this date by representatives of the United States of America and the Republic of Panama. In that connection, my Government proposes that negotiations relating to continued air traffic control services commence as soon as possible and that a definitive arrangement on this subject be concluded prior to the exchange of instruments of ratification of the Panama Canal Treaty.

If the foregoing proposal is acceptable to the Government of Panama, I shall be grateful to have an affirmative response from Your Excellency.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:
ELLSWORTH BUNKER
Ellsworth Bunker
Ambassador at Large

His Excellency
RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Translation

EMBASSY OF PANAMA
WASHINGTON, D.C. 20008

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to your note of today's date concerning continued air traffic control services, and to confirm that my Government agrees to commence negotiations as soon as possible and to conclude a definitive arrangement on this subject prior to the exchange of instruments of ratification of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

RÓMULO ESCOBAR B.
Rómulo Escobar Bethancourt
Chief Negotiator

His Excellency
ELLSWORTH BUNKER,
Ambassador at Large
of the United States of America.

Note Regarding the Establishment of the Panama Bureau of the United States Foreign Broadcast Information Service

The Department of State of the United States of America has the honor to inform the Foreign Ministry of the Republic of Panama that, upon the entry into force of the Panama Canal Treaty, it is the intention of the United States of America to establish the Panama Bureau of the United States Foreign Broadcast Information Service (FBIS) as an integral part of the Embassy of the United States of America in the Republic of Panama. The Bureau would form part of the diplomatic mission, in a manner similar to that of other agencies of the United States Government currently operating in the Republic of Panama, under the authority of the United States Ambassador.

The Foreign Broadcast Information Service is an agency of the United States Government with worldwide responsibility for monitoring and translating into English available foreign public media, including (a) transmissions by major press agencies, (b) public radio and television broadcasts, and (c) selected articles from newspapers and other publications. These translated materials are made available in the United States of America and abroad to interested persons in both governmental and private sectors. FBIS executes this responsibility from fourteen bureaus located in foreign countries, most of which are established as integral parts of the United States diplomatic missions to those countries.

The Panama Bureau of FBIS will have responsibility for providing this service for an area which includes most countries of Central America and northern South America, and a part of the African continent. The Bureau Staff currently consists of four United States citizen employees (a Bureau Chief, a Deputy Chief and two editors) assigned for rotational tours of two to four years. There are no locally-hired American employees. United States citizen personnel of the Bureau shall have the same privileges and immunities, and be subject to the same conditions, as other American personnel currently assigned to the various agencies forming parts of the Embassy of the United States of America in the Republic of Panama. The Bureau also currently employs three locally-hired third country nationals resident in Panama, and twenty-nine Panamanian citizens. FBIS anticipates no perceptible expansion of its American or local staff in the foreseeable future.

At the present time, the Panama Bureau of FBIS is located on a single parcel of land, comprising some 320 acres and including the Bureau office and the Chiva Chiva radio antenna field, located on the Fort Clayton Military Reservation.

EB

DEPARTMENT OF STATE,
WASHINGTON, *September 7, 1977.*

Exchange of Notes Relating to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated, and to the Gorgas Memorial Laboratory

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated, and its subsidiary, the Gorgas Memorial Laboratory. The Institute and Laboratory were established in memory of Dr. William C. Gorgas for research on diseases endemic to Central America and northern South America. The Institute receives from the Government of the United States an annual contribution in Dr. Gorgas' memory for the operation and maintenance of the Laboratory.

The Gorgas Memorial Laboratory is established and operates in Panama under provisions of Law 15 of October 16, 1930, Law 5 of February 5, 1953 and Law 84 of September 20, 1973 of the Republic of Panama. The Institute has informed the United States of its desire to continue its operations in Panama pursuant to the provisions of these laws.

I refer further to the Panama Canal Treaty and related agreements signed this date by representatives of the Governments of the United States and Panama, and, in that connection, propose that our Governments agree that, subsequent to the entry into force of the Treaty, the Gorgas Memorial Institute and Laboratory shall continue to enjoy the sole and exclusive use, without charge, of the following areas of lands and waters, and installations, being used by the Institute and Laboratory prior to the entry into force of the Treaty:

Juan Mina Plantation, approximately 15 acres of land, and one multi-purpose building situated thereon, located on the east side of the Chagres River in the Balboa East District; and Building 265, a laboratory building adjacent to the Gorgas Hospital, Ancon, and adjacent land.

It is understood that this arrangement shall continue for an initial period of five years, and will be renewed upon request at least one year in advance by the Gorgas Memorial Institute.

I propose further that in the event the Republic of Panama establishes any means whereby any legal or natural person other than the Government of the Republic of Panama may acquire title under the laws of the Republic of Panama to any areas of lands and waters, or other real property located thereon, which prior to the entry into force of the Panama Canal Treaty formed part of the Canal Zone, our Governments agree that the Gorgas Memorial Institute shall be permitted by the Republic of Panama to acquire title to the above-mentioned areas the use of which it enjoys. Such title shall be accorded by the

Republic of Panama pursuant to an arrangement not less favorable than that accorded by the Republic of Panama to any other such legal or natural person.

I propose further that our Governments agree to the issuance of a license to the Gorgas Memorial Institute in accordance with the procedures set forth in Article IV of the Agreement in Implementation of Article III of the Panama Canal Treaty to permit the use, without charge, by the Gorgas Memorial Laboratory of Abogado and Aojeta Islands, located in Gatun Lake, for the purposes of the Laboratory.

I further propose that our Governments agree that the United States may permit the Gorgas Memorial Institute and Laboratory to enjoy the privilege of making official purchases for the Laboratory's operations in the United States military commissaries and exchanges established pursuant to the Agreement in Implementation of Article IV of the Panama Canal Treaty, and that the United States may provide to the Institute and Laboratory for official purposes such other supplies or services of the United States Forces or the Panama Canal Commission as may be convenient. It is understood that this agreement will not extend to personal purchases by individual members of the staff and employees of the Gorgas Memorial Laboratory, regardless of their nationality.

If the foregoing proposals relating to the status and operations of the Gorgas Memorial Institute and Laboratory are acceptable to the Government of the Republic of Panama, I have the honor to propose that this note, and Your Excellency's affirmative response, shall constitute an agreement between our Governments concerning this matter, which will enter into force on the date of entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:
ELLSWORTH BUNKER
Ellsworth Bunker
Ambassador at Large

His Excellency
RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Translation

EMBASSY OF PANAMA
WASHINGTON, D.C. 20008

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to acknowledge receipt of Your Excellency's note of today's date, which reads as follows:

[There follows Ambassador Bunker's note, quoted in English.]

I have the honor to confirm that my Government accepts the foregoing proposals, and that Your Excellency's note and this note shall constitute an agreement between our two Governments which will enter into force on the date of the entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

RÓMULO ESCOBAR B.
Rómulo Escobar Bethancourt
Chief Negotiator

His Excellency
ELLSWORTH BUNKER,
Ambassador at Large
of the United States of America.

Exchange of Notes Relating to Scientific Activities in Panama of the Smithsonian Tropical Research Institute

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

As you are aware, the Smithsonian Tropical Research Institute, a trust instrumentality of the United States of America, hereinafter called "the Institute," has, for several years, carried out experimental and research activities of an exclusively scientific nature in various parts of the Republic of Panama. Those activities are described and authorized in Contract No. 1, January 5, 1977, signed by Dr. Abraham Saied, Minister of Health, and Dr. Ira Rubinoff, Director of the Institute. As set forth in the seventh clause of the contract, its duration is indefinite, but it may be terminated if one of the parties so desires, provided that it notify the other one year in advance of the date selected for termination.

Despite the foregoing, it is obvious that the Institute's legal situation and the development of its activities will be affected by the entry into force of the Panama Canal Treaty and related agreements, signed September 7, 1977 by representatives of the Republic of Panama and the United States of America. In anticipation of that eventuality, I thought it pertinent to propose to you, in compliance with precise instructions from my Government, that the Republic of Panama and the United States of America agree on the Institute's continuation of its scientific activities in the Republic of Panama, after entry into force of the Panama Canal Treaty and related agreements, in accordance with the provisions of the above-mentioned contract and in order to achieve the objectives therein set forth.

The agreement which I present to you for consideration would remain in effect for five years from the date of the entry into force of the Panama Canal Treaty and would be extended automatically for 5 year periods until either Government gave notice of termination, at least one year before the date of automatic extension.

I consider it advisable to propose to Your Excellency that if one of the parties to the contract should wish to terminate it on the basis of the seventh clause thereof while the Panama Canal Treaty is in force, our Governments agree that, unless there is a mutual understanding to replace the contract, the contract and the agreement proposed in this note shall remain in force.

It could also be agreed, and I so propose to Your Excellency, that, if either party wishes to terminate the aforementioned contract after the expiration of the Panama Canal Treaty, our Governments shall immediately initiate consultations concerning the future legal situation of the Institute and its facilities, properties, and personnel in the Republic of Panama, before the contract expires.

With respect to facilities and land and water areas in various parts of the Isthmus of Panama listed and described in the annex to this note, the use of which has not been granted by the Republic of Panama to the United States of America by any other means, I propose that they be made available to the Institute for its exclusive use. It is understood that this agreement will not affect the right of the parties to the contract to enter into subsequent agreements on the terms of the Institute's utilization of other facilities and land and water areas in the Republic of Panama which the latter may consider it desirable to make available to the Institute for the uses and purposes defined in the contract.

I wish to propose that our Governments agree that, as long as the Panama Canal Treaty remains in force, the United States of America may permit the Institute to use any portion of the lands and waters, and of the facilities located therein, situated within the land and water areas the use of which is granted by the Treaty to the United States of America, for purposes of the aforementioned contract, subject to terms and conditions consistent with the Panama Canal Treaty, as the United States of America may define them.

I further wish to propose to Your Excellency that upon cessation, under the Panama Canal Treaty, of the right of the United States to use any land and water areas and facilities located therein which are being used by the Institute, our Governments immediately begin talks intended to reach agreements permitting the Institute to continue to use such areas or facilities.

The possibility should be considered, Your Excellency, that the Republic of Panama may establish procedures whereby any natural or legal person could acquire, in accordance with the laws of Panama, title to land and water areas or properties located

therein which were formerly a part of the territory constituting the Panama Canal Zone. I therefore propose to you that, such being the case, our Governments agree that the Republic of Panama, subject to the applicable laws, shall grant the Institute rights, other than real property title, with respect to any land and water areas or properties in use by the Institute at the time when such procedures are established. These rights will be granted by the Republic of Panama by an agreement or other means not less favorable than the most favorable granted by the Republic of Panama to any other natural or juristic person.

Finally, Your Excellency, I should like to propose that in the event that the Republic of Panama does not establish such procedures for transfer of title to land and water areas or properties located therein to natural or legal persons other than the Government of the Republic of Panama, the two Governments agree that the Government of the Republic of Panama shall place at the disposal of the Institute, free of cost, the use of all areas and facilities referred to in this letter, and any others that may be used by the Institute for the purposes defined in the aforementioned contract.

An exception wlll be made for cases in which the two Governments or the parties to the aforementioned contract might reach a mutual agreement on other terms.

If the aforementioned proposals relating to the operation in the Republic of Panama of the Smithsonian Tropical Research Institute are acceptable to your Government, I should like to propose that this note and Your Excellency's affirmative reply constitute an agreement between our Governments concerning this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:
ELLSWORTH BUNKER
Ellsworth Bunker
Ambassador at Large

His Excellency
RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

ANNEX

The following facilities and lands and waters shall be made available for the continued exclusive use of the Smithsonian Tropical Research Institute.

1. Smithsonian Tropical Research Institute Headquarters, shops, administrative offices, cages and laboratories on Gorgas Road.

2. Tivoli Site. Comprises approximately 4.8 acres at the site of the former Tivoli Hotel and adjacent Tivoli Kitchen structure.

3. Naos Island. All facilities and areas being used by the Smithsonian Tropical Research Institute on the date the Panama Canal Treaty enters into force.

4. Flamenco Island. All facilities and areas being used by the Smithsonian Tropical Research Institute on the date the Panama Canal Treaty enters into force.

5. Pipeline Road Reserve. Approximately 37 acres of land near Pipeline Road at coordinates PA 391116 (Sheet 4243 II, Gamboa).

Translation

EMBASSY OF PANAMA
WASHINGTON, D. C. 20008

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to Your Excellency's note of today's date concerning the activities of the Smithsonian Tropical Research Institute in the Republic of Panama, which reads as follows:

[There follows Ambassador Bunker's note, quoted in English.]

I have the honor to confirm the acceptance by my Government of the proposals contained in this note and its agreement that your note and this reply shall constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

RÓMULO ESCOBAR B.
Rómulo Escobar Bethancourt
Chief Negotiator

His Excellency
ELLSWORTH BUNKER
Ambassador at Large
of the United States of America.

Exchange of Notes Relating to Custodianship of the Barro Colorado Native Monument by the Smithsonian Tropical Research Institute

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to the Agreement pursuant to Article VI of the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere, and to the Panama Canal Treaty and related agreements signed on September 7, 1977 by representatives of the United States of America and the Republic of Panama. Article III of the Agreement relating to the Convention on Nature Protection provides that our Governments may agree from time to time on such arrangements as may be mutually convenient and desirable to facilitate their collaboration in the use of the Barro Colorado Nature Monument for the purposes of scientific research and investigation.

I consider it desirable within the spirit of the aforementioned Convention and for the purposes of the Agreement based thereon that our Governments agree that the Smithsonian Tropical Research Institute (STRI), a trust instrumentality of the United States of America, which I shall hereinafter call the Institute, be designated by both Governments as custodian of the Barro Colorado Nature Monument. I propose that our Governments further agree that the Institute shall, during the period of its custodianship, have sole responsibility to act on behalf of our Governments in authorizing use of the Nature Monument for the purposes of scientific research and investigation and for its protection as envisaged in the aforementioned Convention and our Agreement based thereon. In the event that one of the Parties should attempt to take any action related to the efficient operation of the Panama Canal as provided for in Article V of our Agreement, I propose that the Institute, as custodian, be advised in advance and invited to comment on the potential impact of such action on the overall integrity of the Nature Monument.

I consider it desirable and to that end I propose to Your Excellency that, during the period of its custodianship, the Institute be authorized to employ scientific and support staff, to include game wardens, as necessary to enforce such laws and regulations as may apply to the protection of the Nature Monument. Persons violating the integrity of the Nature Monument contrary to the provisions of such laws or regulations shall be promptly delivered to the authorities of the Republic of Panama by game wardens employed by the Institute for appropriate action under the laws of the Republic of Panama.

I further consider it desirable and I therefore propose to Your Excellency that our Governments agree to designate the Institute as custodian for the Barro Colorado Nature Monument for an initial period of five years, to be extended for additional 5-year periods upon request by the Institute at least one year in advance of the date of expiration of the period, or until such time as our Governments may mutually agree on other understandings for the administration of the Nature Monument. If, subsequent to the termination of the Panama Canal Treaty, the Republic of Panama should desire to terminate the custodianship of the Institute of the Nature Monument, I consider it desirable and I therefore propose that our Governments agree that the decision take effect one year after the day on which the Republic of Panama shall inform the United States of this intent.

If the foregoing understandings proposed for custodianship of the Barro Colorado Nature Monument by STRI are acceptable to the Government of the Republic of Panama, I propose that this note and Your Excellency's affirmative response constitute an agreement between our Governments concerning this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:
ELLSWORTH BUNKER
Ellsworth Bunker
Ambassador at Large

His Excellency
RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Translation

EMBASSY OF PANAMA
WASHINGTON, D.C. 20008

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to Your Excellency's note of today's date concerning the designation of the Smithsonian Tropical Research Institute as custodian of the Barro Colorado Nature Monument, which reads as follows:

[There follows Ambassador Bunker's note, quoted in English.]

I have the honor to confirm that my Government accepts the understanding set forth in Your Excellency's note, and that your note and this note in reply shall constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

RÓMULO ESCOBAR B.

Rómulo Escobar Bethancourt
Chief Negotiator

His Excellency
ELLSWORTH BUNKER
Ambassador at Large
of the United States of America.

UNIVERSITY OF FLORIDA
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